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Editorial AS WE SEE IT

If the members of Congress who voted for the measure which in 1887 created the Interstate Commerce Commission had been told what the history of this agency would be and what was to become of the railroads under its jurisdiction, they, we are certain, would have been quite incredulous. If the framers of the Sherman Act three years later could have foreseen the proliferation of legislation to prevent monopoly and of the agencies created to administer these laws, they too, would not have taken the forecast at all seriously. No one, we are certain, at the turn of the century forsaw even in dim outline the growth of legislation and so-called independent agencies designed to place business more and more under the thumb of government that would characterize the first half of the century ahead. It may even be that there are those living in this day and time who do not fully realize the extent to which government of all types, but particularly the Federal Government, has reached out to place its dead hand upon business in this country.

The New York Chamber of Commerce just recently performed a public service by calling sharp attention to one highly important phase or aspect of this situation—public regulation of utility enterprises. Utilities are defined, as they should be, to include electric, gas, telephone, telegraph and water companies as well as the railroads, trolleys and buses, highway and water carriers, and airlines. Agencies of Federal Government alone now include an Interstate Commerce Commission, a Federal Power Commission, a Federal Communications Commission, a Civil Aeronautics Board, a Securities and Exchange Commission, a Federal Trade Commission, a Federal Maritime Board, and a National Labor Relations Board — all commonly called "independent agencies," though they are certainly not independent of the politicians, or at least some of them are not. In addition, all states now have public utility commissions to carry on the same type of supervision and regulation. Still further, regular departments of government now often are empowered to meddle in one *(Continued on page 22)*

How Long Can We Continue to Live With Our Financial Fiction

By Dr. Melchior Palyi, Chicago, Illinois

Economist pointedly answers advocates of a large and rising federal debt who claim: (a) we owe it to ourselves and, thus, is not a burden on the nation as a whole, and (b) bankers who "hollered" about a $50 billion national debt no longer do so though the debt is close to $300 billion. Dr. Palyi attacks "something-for-nothing illusion" of liquidity and economic strength, and sees harmful far reaching economic consequences resulting from our debt load; "faked balance sheets"; fiscal legerdemain, and inconsistent accounting practices. Author comments on our debt zooming ahead of dubious GNP, and the phenomenon of an inflated national debt holding up an over-inflated and rapidly growing structure of non-federal debts.

Is the national debt a burden on the Nation? It is not, provided that it is being held domestically, proclaimed President F. D. Roosevelt. "One pocket owes it to the other." (Debt owed to foreigners belongs in another chapter.) The theory that the public debt is no debt in the common meaning of the term, goes back to the famous, or infamous John Law in the early 18th century. If so, it need not be, virtually never has been, repaid — according to a host of Managed Money and Creeping Inflation advocates. They point to the skyrocketing, since 1914, of national debts all over the world. In short, we should learn to live with the Mammoth Debt and accept the alleged necessity of its further growth. Let us go on accumulating budget deficits whenever "needed." Consider the size of the pile as irrelevant. As a Harvard professor put it not so long ago: it makes no difference whether

Dr. Melchior Palyi

the federal debt is $300 billion (nine zeros) or $300 trillion (twelve zeros). The clear implication was that far from being a national liability in a meaningful sense, it might be considered as a wealth-creating asset. How, indeed, could one enjoy all the "blessings" of currency-diluting if it were not for the Debt and its recurrent monetization? Otherwise, how would we overcome depressions (in the midst of booms), maintain full employment, whatever that is, and spend ourselves into ever-greater richness? He who believes in Inflation as a panacea for curing social ills, alleged or real, is driven to justify the existence and growth of the overextended national debt.

An Ideological Reminder

Taken literally, the principle of "one pocket owes it to the other" applies to a communistic society only. Where everything belongs to the state, all liabilities are a matter of mere bookkeeping. And vice versa: he who denies that the Debt is more than a bookkeeping item, wittingly or unwittingly negates the system of private property. Under that system, the "pockets" of creditors are distinctly separate from those of debtors. A gain of the one is no compensation for a loss to the other. Incidentally, if the two "pockets" are in effect two sides of a ledger, then the same holds for claims of all kinds—and there is no debt burden of any sort.

Yet, the "two pockets" principle asserts that, in contrast to private debts, servicing the public debt merely means a transfer of income from one group to the other. Real resources are not affected. "The fact that the government owes its citizens certain sums is not really a burden on the nation as a whole," concluded *The* (London) *Economist* of November 21, 1959. That would be true if a 100% tax were levied on income derived from federal securities. Of course, no one would buy the bonds, except the Federal Reserve that delivers to the Treasury practically all earnings on its huge portfolio instead of putting *(Continued on page 26)*

PICTURES IN THIS ISSUE: Candid photos taken at the 24th Annual Dinner of the Security Traders Association of New York, Inc. appear in Section Two of today's issue.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

LYNN L. McCORMICK

Research Dept., Dallas Rupe & Son, Inc., Dallas, Texas

Ennis Business Forms, Inc.

Ennis Business Forms, Inc. is one of the more recent companies to "go public." The company had its original public offering of stock in October of last year. The offering by Kidder, Peabody & Co., consisted primarily of shares sold by original stockholders, but a portion represented company financing. It provided the public with its first opportunity to participate in the growth of an old-line established company in a rapidly expanding growth field.

Lynn L. McCormick

Ennis Business Forms, Inc, has long been recognized as a leader in the field of salesbooks and business forms. The company heretofore has been a closely held family institution and recently celebrated its 50th anniversary. Some of its present top executives have been with the company since its inception. G. G. Dunkerley founded the company with an investment of only a few thousand dollars in 1909. The company is now guided by his son, Garner Dunkerley, who has been instrumental in building it into the company that it is today with total assets of $5.5 million and sales of $11.2 million. The company has earned a profit and paid a dividend every year since its organization.

The company manufactures a widely diversified line of business forms and other business paper products. For many years, the company specialized in salesbooks, restaurants checks, specialized tags, and carbon paper. With the trend toward office records automation and electronic data processing, the company's management several years ago initiated a program designed to capitalize on the new growth market for specialized business forms. Ennis Business Forms is now rapidly expanding into the field of register forms, snap-a-part forms, tabulating machine cards, and tabulating and other continuous forms. In 1955, the company's total volume for these items amounted to only $200,000 annually. Volume in this line is now at the rate of over $4,000,000 annually.

Much has been said in recent years regarding the tremendous growth potential for the office equipment industry. A leading advisory service has predicted a doubling of annual sales by 1965 in the data processing segment of the office machines industry. This should be followed by another two-fold increase in sales by 1970 according to the same source. Ennis Business Forms, Inc., as a supplier of expendable items for such equipment, stands to benefit doubly from the expansion in office equipment sales, not only from the increased number of consumers of its products but also to the repeat sales resulting from the expendable nature of its products.

Register forms are principally two or three part continuous forms which are interleaved without carbon paper. They are used in register machines which contain the necessary carbon paper and serve as a permanent record for the business concern. The company also sells the register machines which it purchases from outside sources. Snap-a-part forms are multicopy forms with interleaved carbon paper. The copies can then be separated for distribution. These forms are adaptable to either manually operated or automatic machines. Continuous copy forms are multi-copy interleaved with carbon paper and are specially designed for use on high speed tabulating and form-writing equipment.

Salesbooks and restaurant checks are made in a wide variety of styles and sizes for standard orders and for custom orders. Carbon paper is manufactured for the company's own use and also for sale to others. The company also produces typewriter carbon paper, office machine ribbons, and specialty inks. A wide variety of shipping tags for airlines, railroads, manufacturing and retail establishments is produced.

The company manufactures tabulating cards under a license arrangement with International Business Machines Corporation. The cards are similar to corresponding IBM cards in all respects. A recent development which holds great promise is the printing and production of specialized forms using magnetic ink. This allows the company to participate in the trend toward office procedures automation. Other products manufactured by Ennis Business Forms include stationary supplies, file folders, and paper rolls for teletype machines.

With its widely diversified line of products and long standing record of quality and integrity, Ennis Business Forms, Inc. is in an enviable position to participate in the growth which is rapidly developing in the field of business forms. Through the addition of new products and the gradual expansion into new trade territories, the company can be expected to continue its growth. A large Chicago business forms firm was recently acquired, and specialized equipment has been installed to expand production facilities.

The company now has plants in Paso Robles, California and Chatham, Virginia in addition to its main plant and home offices in Ennis, Texas. Warehouses are located in Birmingham, Houston, and St. Louis. Distribution is handled by over 14,000 dealers located in every state. The dealers include stationers, printers, business forms dealers, paper wholesalers, wholesale grocers, and restaurant suppliers. In the business forms industry, there is a rising trend toward dealer distribution, and Ennis Business Forms' firmly established relationship gives it a competitive edge over those companies now establishing dealer outlets.

Ennis Business Forms' financial condition is strong, with current assets of $3,858,334 and current liabilities of $1,208,759 as of Feb. 29, 1960. Plant and equipment amounted to $3,366,702 less allowance for depreciation of $1,700,705. Other assets consisted of deferred charges amounting to $2,333. Long-term debt in the amount of $75,000 in 5% Serial Debentures will mature in July, 1963. Stockholder equity consisted of 550,000 shares ($2.50 Par Value) common stock, $588,434 in Capital Surplus, and $2,279,471 in Retained Earnings. Total stockholder equity amounted to $4,242,905.

Since the public offering at $16¾ in October of last year, Ennis Business Forms, Inc. has been actively traded in the "Over-the-Counter" market and now has over 1,300 stockholders. Active trading markets are maintained by several of the nation's major securities dealers. At the current price of approximately $20 per share, Ennis Business Forms is selling at 17.6 times its earnings of $1.13 reported for the year ended Feb. 29, 1960. The $0.65 annual dividend provides a 3.3% return.

Ennis Business Forms, Inc. will provide an attractive opportunity for investors interested in a "businessman's risk" investment in a field with an exceptionally promising future.

FINANCIAL SUMMARY

(Fiscal Year Ended Feb. 28)

	1960	1959	1958	1957	1956
Net Sales*	$11,219	$9,126	$8,115	$7,713	$6,894
Net Earnings Before Taxes*	1,281	816	868	813	682
Net Earnings*	621	397	426	405	337
Net Earnings Per Share**	1.13	0.72	0.77	0.74	0.60
Dividends Per Share**	0.50	0.16	0.15	0.14	0.13
Current Ratio	3.19:1	2.19:1	2.64:1	2.61:1	2.70:1

*000's omitted.

**Based on 550,000 shares currently outstanding.

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

HORACE I. POOLE

Mgr., Corporate Finance Department, Eisele & King, Libaire, Stout & Co. New York City

Members New York Stock Exchange

Acme Electric Corporation

My last contribution to your column, "The Security I Like Best," was Barnes Engineering Corporation, trading Over-the-Counter at $0.50 per share. Last week this stock sold at $35 a share. In this article I pointed out that a sixth sense of timing was most important to the successful speculator. I further stated that the big profits made in the past in the shares of automobile companies, chemicals, television and drugs were made by those who realized that the stocks of a certain group had "caught on."

Horace I. Poole

During the last several years, Acme Electric has done intensive engineering work with transistors and other semi-conductors, combining the unique advantages of these components in circuits with magnetic components to produce transistorized power control panels, resulting in improved performance of power supplies which are used to energize computers, business machines and for other applications.

Research and engineering costs of Acme during 1959 continued a

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This Week's Forum Participants and Their Selections

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Acme Electric Corp. — Horace I. Poole, Manager, Corporate Finance Dept., Eisele & King, Libaire, Stout & Co., New York City. (Page 2)

Facts vs. Fancy Regarding Drug Industry's Economics

By Dr. Jules Backman,* *Research Professor of Economics, New York University, New York City*

An economic brief on the drug industry deals with the profits position, effect upon over-all prices and per cent of all medical care costs, differences in drug prices here and abroad, and growth performance to date. It makes clear, also, that the intensity of competition is as great as that in any industry. Pointed out, further, are errors and misuse of data by some members of the Kefauver Committee and its Staff. Noting the start being made by the industry to collect data on an annual basis, Dr. Backman suggests what more can be done by the industry to make the data complete so that the knowledge of the industry, now being unveiled by testimony, will be made consistently and fully available on an annual basis in some readily accessible form.

During the past few years, the drug industry has been subjected to a variety of public examinations by administrative agencies, legislative groups, and in the courts. The FTC study of antibiotics, the Fountain and Kefauver Committee hearings and anti-trust cases involving Salk vaccine and tetracycline are familiar illustrations. And if reports from Washington are correct, the end is not yet in sight.


Jules Backman

As a result of these developments and the accompanying headlines you have sometimes been made to appear to be a profiteering, conspiratorial, monopolistic industry. The statements—often inaccurate and misleading—made by Senator Kefauver and his staff have received considerable publicity. The following exchange dealing with profits is a classic.

Dr. Blair: Schering buys prednisolone from Upjohn for $1.57 and sells it to the retail druggist for $17.90—"it is 1118% mark-up, roughly 11 times."

After Dr. Brown, President of Schering, testified that the company's research costs were 8½% and selling and distribution was 23% of the sales dollar, Mr. Kefauver stated:

"I understand for the industry that selling and distribution was 23%. You add 23% to 8.5%. That still is a long way from 1118%.

". . . assuming you add 23% and 8%, that doesn't take much away from 1000%." (Kefauver Drug Hearings, Dec. 7, 1959).

This was a fantastic misuse of figures since the correct profits figure was 12.3%.

In light of such distortions, there is a real need for proper perspective concerning the economics of the drug industry.

Sober appraisal must take the place of sensationalism if the contributions of the drug industry to our national economy are to be evaluated and harmful legislative actions are to be avoided. Let me review briefly some of the significant economic characteristics of the drug industry.

A Major Growth Industry

We are told by many persons that economic growth is a vital national necessity. Such growth is required to meet our aspirations for higher living standards, to provide job opportunities, and to meet the threat of Russia. While many persons are playing a numbers game with growth rates, there is agreement that growth yields beneficial results.

The drug industry has been a great growth industry particularly since the end of the war. The rate of increase in employment in the industry has been more than twice the national average and more than three times as great as for all manufacturing industries since 1947.

	1947	1959	% Inc.
	(000 omitted)		
Drugs & Medicines	86.4	104.0	20.4
All Manufacturing	15,290	16,156	5.7
Total Civilian Employment	60,168	65,581	9.0

Clearly, the drug industry has provided more than its proportionate share of job opportunities and has, therefore, played an important role in growth.

However, the dollar increase sales by drug manufacturers increased from $890 million to $2,700 million or by 203%. During the same period total Gross National Product increased from $234.3 billion to $479.5 billion or by 105%. Thus, in dollar terms, the drug industry has been growing almost twice as rapidly as the national economy.

However, the dollar inscrease in Gross National Product was due to higher prices to a greater degree than was true of the pharmaceutical industry. Thus, the general wholesale price index rose by 23.3% and the consumer price index by 31.4% between 1947 and December 1959. In the same period, wholesale drug prices **declined** by 11.0% and retail drug prices increased by 28.2%. It is evident that the increase in manufacturer's sales in the drug industry was due largely to greater volume.

A similar pattern developed in the 20-year period from 1939 to 1959. Drug sales rose by 800% as compared with the increase of 426% in Gross National Product.

A breakdown of the sales figures makes it clear that the rapid

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Life Insurance, and American Heritage Life

By Dr. Ira U. Cobleigh, Enterprise Economist

Some notes on life insurance trends and specific comment on the rapid growth of American Heritage Life Insurance Company.

Life insurance is the most important vehicle for personal and family thrift in the United States. Today 115 million Americans own life insurance policies. The growth in this business has been remarkable. In the 10 years period 1950-1959, life insurance in force in the United States increased from $213 to $534 billions; and assets of life companies, in the same period, burgeoned from $59.6 billions to $113.6 billions. Even more spectacular have been the market advances in life insurance stocks. Capital gains of 1,000% or more in these stocks in the past decade are by no means uncommon; and certain shares have recorded astronomical advances. For example, you might have purchased 100 shares of Connecticut General Life capital stock, at the end of 1940 for $2,925. By Feb. 1, 1960 this original investment would have attained a market value of $142,400 not counting cash dividends received in the meantime.

Because of this amazing growth factor, the stellar long-term market performance of most "life" shares, and the high rate of return on invested capital achieved in their industry, hundreds of new life insurance companies have entered the business since the end of World War II. There are now over 1,400 life insurance companies in the United States. But all of these companies do not, of course, grow and prosper equally. Some do much better than others; and the superior performers are usually distinguished by the evidence of three qualities: better management, more effective salesmanship and smarter investing. A dynamic young company that assays high in these three qualities is American Heritage Life Insurance Company, of Jacksonville, Florida.

American Heritage Life Insurance Company

There's plenty of life in American Heritage. Starting out as a brand new company in 1956, with $500,000 in capital, this energetic enterprise has scored some remarkable gains. Most new life companies take at least five years to get into the profit column. Not so with American Heritage. In its third full year of operations (1959), this Company reported a net income of $348,113. Life insurance in force today is about $154,000,000, with $44 million in ordinary life business and the balance in group insurance.

The achievements of last year alone, are dramatic. Gross insurance premiums in the Ordinary Life Department increased 56% over 1958; and in the Group Department this year-to-year advance was 28%. Most significantly, the company's net worth at the 1959 year-end had increased by 38% over 1958.

Techniques for Expansion

How does American Heritage achieve this unusual expansion and growth? Importantly by virtue of a young and energetic management team headed by Mr. Claude Roy Kirk, Jr., President (34) and William Ashley Verlander (40). These gentlemen are dynamos in ideas and in action. They're progressive and imaginative, especially in their development of the sales and the investment ends of the business.

For example, they have developed an "exposure" system of selling, based primarily on asking people to save money. One of these "exposure" methods is to secure permission to solicit the employees of a company, or the personnel in a factory. Managements often encourages this to promote thrift among employees, and management helps sales along by permitting individual payroll deduction of insurance premiums. Thus, a myriad of systematic thrift plans for insurance protection are begun with payments of as little as $5 a month.

A second imaginative approach to selling, advanced by American Heritage, is the installation of insurance desks in supermarkets. This is obviously a wonderful way to bring prospects to the Agent. People doing their household shopping in a supermarket are in a buying mood; and many are eager to learn about insurance coverage and the price of individual policies. Actual selling at the booths is not the important thing; it's the making of effective contacts so that, when the Agent calls at the home later on, he is assured in advance of a welcome, and a genuine interest in the saving and insurance program he sells. This shopping center sales technique is well under way with American Heritage booths now located in selected supermarkets of the Winn-Dixie and Safeway chains.

The third "center of influence" for sale of insurance is through the stockholders of American Heritage. The company has 2,700,000 of its capital shares outstanding, owned among over 13,000 stockholders. Each stockholder is, theoretically, a booster for the sale of American Heritage insurance, and the management is constantly seeking to broaden the base of its share ownership both to spread the sales message and to assure a reservoir of capital for possible future expansion.

All of these sophisticated sales techniques have been combined with, and added to, the traditional methods of successful insurance selling.

Investment Program and Results

We mentioned earlier the importance in the achievement of above average corporate success, of an aggressive investment program. American Heritage definitely has such. Most life companies have about 40% of their investment portfolio in mortgages. American Heritage mortgage investment is less than 10% of portfolio. Management has stressed, in its bonds holdings, the purchase of convertibles, and it has done well in such "converts" as American Machine & Foundry and Sperry Rand. Illustrative of the success of this less traditional and more aggressive program, investment income (including capital gains) rose steeply from $236,000 in 1958 to $644,000 for 1959.

Vista for Sustained Progress

Progress at American Heritage bids fair to continue. Last year American Heritage Life acquired Reliable Insurance Company, a well-known fire insurance company which began business way back in 1865. Reliable earned a net profit after taxes of $193,607 in 1959. Its policyholders and agency system will substantially broaden the sales horizon for American Heritage and provide entry into "one agent — one charge" insurance programs where life and home fire protection are offered within one corporate family. Provision of automotive insurance coverage would appear to be the next step in the comprehensive insurance program American Heritage is developing.

The Company has not been neglecting geography either. It now is licensed to do business in the District of Columbia, Alabama, California, Florida, Georgia, Kentucky, Indiana, Louisiana, North and South Carolina, Maryland and Virginia. Other states are under consideration and the year 1960 should expand considerably the above licensed sales terrain.

American Heritage Life stock sells over-the-counter at around $9¼ a share. It pays no dividend but the "plough-back" of earnings should redound substantially to stockholder benefit over time. Life insurance is growing dynamically and American Heritage is growing faster than most companies in the business. It has an impressive board of directors, and the operating management, merchandising skill, zeal and energy conducive to corporate greatness.

Walter Gutman to Leave Shields Co.

Walter K. Gutman has resigned from Shields & Co., New York City, and it is reported that he may join Bear, Stearns & Co., the name of which would be changed to Gutman, Stearns & Co. Mr. Gutman, who is well known in Wall Street for his market letters, has been planning the move for some time.

Walter K. Gutman

Fane & Gilbert Branch

BERNARDSVILLE, N. J.—Fane & Gilbert, Inc. has opened a branch office at 19 Mine Brook Road under the management of Robert J. Peters.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The economy appears to be pulling out of its weather-influenced late-winter doldrums, although the evidence continues mixed, the Federal Reserve Bank of New York observes in its May *Monthly Review*. In April consumer purchasing, in particular, brought a breath of springtime to businessmen. Automobile sales advanced smartly, and department stores reported a record Easter season.

Industrial production in April may have steadied after two months of slight decline. Hiring of workers for outdoor activities, postponed in blustery March, probably was made up in part in April, as winter turned abruptly into spring. Finally, the McGraw-Hill survey of business plans for spending on new plant and equipment, taken at the "high point of uncertainty" in March and early April, showed even larger planned outlays for 1960 than the survey made only a few months ago by the Securities and Exchange Commission and the Commerce Department.

Analyzing the long-run unemployment picture, the Reserve Bank notes that unemployment as a proportion of the civilian labor force has continued for almost two and a half years at levels in excess of 4.7%. A rather striking development in recent years has been the rising number of long-term unemployed, those idle for 15 weeks or more. In 1953 this group was 15% of the total unemployed, but in the past seven years this proportion has never fallen below 22%.

Many of the long-term unemployed are workers 45 years and older or members of non-white minorities. Many are also workers who have been displaced by long-term declines of industries and occupations, the replacement of old products by new ones, changing consumer tastes, shifts in government defense programs, and automation and other technological developments. The effects of these changes in economic structure are particularly strong in some localities. In the high employment period of June 1956-June 1957, unemployment in chronically depressed areas accounted for at least one-fifth of total unemployment.

Some other areas, of course, also have relatively high unemployment. In March 1960, 33 out of 149 major labor market areas had unemployment of more than 6% of the civilan labor force. While a year earlier there had been 72 such areas, the remaining pockets of "surplus" labor still represent close to one-fourth of the country's major labor market areas.

The future may well bring other problems, the *Review* article noted. Employment opportunities will have to be expanded considerably more rapidly than heretofore if the number of unemployed is to be kept from swelling. Department of Labor projections indicate that the 1960's will see 26 million young people enter the labor force, 37% more than entered during the 1950's. None of the problems to be faced, however, should be viewed as a cause for grave alarm. They are, in fact, the problems of a society that not only is expanding in size but also is growing in technology, extending its life span, and developing increasing recognition of social responsibilities.

Bank Clearings for May 7 Week 17% Above Last Year

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by us based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, May 7, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 17.0% above those of the corresponding week last year. Our preliminary totals stand at $28,947,901,338 against $24,742,620,262 for the same week in 1959. At this center there is a gain for the week ending Friday of 27.7%. Our comparative summary for the principal money centers for the week ending May 7 was as follows:

Week Ended May 7—	000 Omitted 1960	1959	%
New York	$16,180,943	$12,675,484	+27.7
Chicago	1,312,807	1,224,809	+ 7.2
Philadelphia	1,178,000	1,121,000	+ 5.1
Boston	831,390	778,973	+ 6.7

Prospects Dim for Larger Steel Output

New steel orders may be approaching the low point, but a pickup will not reverse the week-to-week downtrend in steel production, "The Iron Age" reports.

This apparent contradiction is the result of current new order rates as low as 42 to 48% of capacity of individual mills while production is still well over that. Even if orders do pick up, production will have to continue its decline to the rate of new business.

The magazine says the seriousness of the overall steel outlook is covered up by the strength of the sheet market. And recently the automakers came back for more June cold-rolled sheet tonnage. With some other new orders for June, flat-rolled is holding up surprisingly well.

But at the same time, automakers are eying the close-out time for 1960 models. Some will start in July; the rest will close out at intervals into September.

"The Iron Age" points out it is significant that the longer auto production will be in the compacts, which use an average of

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OBSERVATIONS...

BY A. WILFRED MAY

A STIRRING BULL

In the context of the long view, and far more significant than day-to-day "market views," are still remaining huge potentials of demand for common stocks. In the institutional area, the huge investible assets of the life insurance companies, hitherto relatively bereft of equity securities, are now stirring in that direction.

Although in recent years agitation has appeared for greater engagement in the equity market by the life companies, the prospective marriage has rather remained in a state of mere "flirtation" ever since their boycott of the common stock resulting from tht Armstrong Committee investigation in 1905-1907. At that time the objection to commons was not based on the risk elements, but rather on violation of corporate ethics, as the too frequent emergence of interlocking relationships and broad double dealing. Such sublimation of the risk feature was fully justified by the actual relative market performance of stocks and fixed interest securities. Both before and after the 1907 panic, their common stocks related to book value fared much better than did their holdings of bonds, in the case of 28 leading life companies. And a similar story of their bonds' greater emasculation followed the post-1929 crash.

The 1941 Look-See

Proposals to permit greater portfolio participation by the life companies in commons enlisted a major airing in 1941 in hearings before a New York State joint legislative committee. The important proponents included Securities and Exchange Commissioner Sumner Pike among other government officials who urged the need for increased income versus the then low-yielding bonds. Such suggested easing of the restrictions was opposed by some of the industry's foremost leaders, including Lewis Douglas of Mutual Life, who was highly skeptical about their potential market performance.

No relaxation of the existing regulation restricting the holdings of commons to 3% of assets was made at that time; not until 1957 was the permissible maximum raised to 5% of assets or one-half of the surplus to policyholders, which ever is less.

Rise of Limit Disregarded

In any event, the legal ceiling has not been controlling, aggregate stock holdings remaining far below them, both before and after their recent rise. With recognition of the common stock's respectability centered on the *Variable Annuity* instrument, the proportion of the industry's portfolio of total of common stocks has remained under 2% (approximately 1.8% now). Last year only $354 million of the total of newly acquired assets, or 1.9% of total investment acquisitions, took the form of common stocks. This compares with $277 million, or 1.4% in 1958; $257 million, or 1.5%, in 1957; and $56 million, or 0.6%, back in 1947. During the first two months of this year, only $49 million has been routed in common stocks, against $50 million last year. (The break-down by industries of new acquisitions in 1959 shows, in railroads, practically none against $5 million in 1958; $150 million in utilities, against $52 million; industrials and miscellaneous, $350 million against $220 million in 1958).

While these data show that there has been some increase in leaning toward the common stock, the further potential is enormous. And the increases during the recent past and immediate future, at least, will take place in the face of values, as measured by dividend and earnings yields, that are only one-half of those at the time of the turn-down of the proposal in 1941.

While the step-up in actual common stock purchases made thus far has been pre-empted by a relatively few companies, important expressions of the new equity trend have also been made by others.

Stock Conscious Companies

Penn Mutual initiated equity buying in 1958 to the tune of $5,701,400, to which it added $6,421,446 in 1959. Giant Lincoln, whose previous common stock holdings have been negligible, totaling less than 5% of the securities portfolio, purchased $7,300,000 of common stocks last year, through a weekly *dollar averaging* program. It acquired an additional $1,400,000 of commons through the exchange of convertible debentures and preferreds. John Hancock also stepped up its buying of equities last year.

Acquisition of commons, together with appreciation of their existing holdings, in the case of several companies constituted a goodly proportion of the 1958-1959 increase in their assets. These included Mutual of New York, 28%; Massachusetts Mutual, 29%; State Mutual of Worcester, 52%; National Life & Accident, 33%; Occidental Life, 34%, and Jefferson Standard, 33%.

Equitable, through its President James F. Oates, Jr., has announced its embarkation on a $40 million annual stock purchase program. Holding only $37 million of commons before the initiation of this program in 1959, it added $20 million in latter 1959, and $9 million during the first quarter of 1960. Previously, the Equitable, like giant Metropolitan, had almost completely eschewed common stocks. Spokesmen for Metropolitan, whose only share holding is comprised of $32 million worth of American Telephone which it "acquired" through conversion of its bond-holdings have again stated their full intention to continue their complete forbearance from the equity stock share (but not from real estate equity).

New Tax Law Stimulus

The recent gains in "respectability" by the share equity have been only partly motivated by the epochal reconstruction of the tax law applicable to insurance companies, enacted in mid-1959. The absence of more substantial response to the tax incidence is largely due to its complexities, which require study and more study. But our sampling of some of the companies' investment executives furnish substantial grounds for the conclusion that it provides a substantial stimulus for the future adding of equities. In the case of one of the largest companies, whereas under the old statute the tax bite took 6% of the income from bonds and stocks, now the impost on bond income is raised to 12%, with only 2% assessed on dividends from stocks. To another company the net effect of the change in the statute is that a dollar of fully taxed income on bonds and on mortgages is equal "net" to 85 cents on common and preferred stock income, but to only 71 cents on the income from tax exempt bonds.

Another large unit points out the ancillary advantage of the new law in making capital gains taxable; which facilitates the taking of losses on discount bonds with a low coupon, in switching to get a better current rate of return.

Whatever the exact source of the fillip to the life companies' swing into common stocks, there is plenty of room for further additions below the legal limitation. And, incidentally, there is plenty of leeway behind the British, whose life company portfolios are way ahead of us in the inclusion of equities.

* * *

BICENTENARY INFLATION

Note From Colonial Williamsburg

The American public's subjection to successive in-flation and de-flation psychoses is assuredly becoming chronic. Such de-flation frame of mind is currently highlighted by the sudden abandonment by investor psychology—during the 80-point fall in the Dow Jones Average—of the preceding "collapse of the dollar" credo. Common to each phase is the concurrent fiction that it will continue permanently and constantly.

So it is timely, for light on the secular performance, to gather longest-term available data. This we have done in a visit to Colonial Williamsburg, the restored capital of 18th century Virginia, collating comparative prices of today and the 1760-1770's. (In our calculations we base the late 18th century value of the dollar on the gold content of the pound sterling, which was 8.33 grams of fine gold.)

Do not our data substantiate the conclusion that while inflation is a secularly effective force, even over the longest-term it is highly selective as well as spasmodic?

Deflation Items

Leading the category of price laggards is, as we can appreciate, the publishing industry. In fact, some items, as subscriptions, now actually cost us less than our forefathers. A year's subscription to the 18th Century *Virginia Gazette* was priced $3.15—now the rate is $3.00. Likewise, a lost and found advertisement in the same journal would have cost 78 cents—now 75 cents.

Thomas Jefferson purchased a two-volume set of Machiavelli from the Printing Office here in Williamsburg for $13.10. Today's Modern Library edition costs only $1.65.

Likewise, mail postage, one of our present-day subsidy gluttons, shows a drastic deflation over the centuries. In contrast to our present 4-cent letter rate, our forebears sending a letter of a single sheet, folded somewhat like the modern air letter and mailed without an envelope, from Williamsburg to Annapolis, paid 18 cents.

Inflation Leaders

As in all countries, and all times, food is in the forefront of our long-term consumer price rises. In General Washington's travels around Virginia in the 1760's and 1770's he generally paid about 65 cents for an evening meal in a tavern, $1.30 with drinks included. Today, an evening meal, with wine, at the celebrated Chowning's tavern will set you back $5.00.

Recreation items also show big price advances. A box seat to the Williamsburg theatre in the 18th Century cost $1.90—now orchestra seats in Richmond for road company performances are priced $4.80 for dramatic productions, $6.00 for musicals.

Washington paid $1.30 to attend a concert here in 1767. Reserved seats for the present-day concerts at the Governor's Palace are $1.80.

Still in the recreation area: a dozen packs of good Colonial playing cards cost $3.80—a dozen packs of modern playing cards are priced $12.00 at the Craft House.

On the Selective Inflation Ladder

In 1764, Washington received $210 for 54 days of attendance as a member of the House of Burgesses, plus $47 for travelling expenses. Today members of the Virginia State Legislature receive $1,080 for a 60-day session and an additional $720 for expenses.

Thus, the largesse to our politicos may be seen as one of many items part way up our Selective Inflation ladder.

Bond Club Outing Set for June 3

The annual Field Day of the Bond Club of New York will be held this year on Friday, June 3, according to an announcement by William B. Chappell of The First Boston Corporation, President of the club. This year will mark the 36th outing for the Bond Club which will take place at the Sleepy Hollow Country Club, Scarborough, New York.

Maitland Ijams

Maitland T. Ijams, of W. C. Langley & Co. has been named Field Day Chairman this year. Assisting him will be four general chairmen — Frederick C. Braun, Jr. of F. S. Moseley & Co., H. Lawrence Parker of Morgan Stanley & Co., Alfred J. Ross of Dick & Merle-Smith, and Robert M. Gardiner of Reynolds & Co.

Heading the 13 committees appointed to supervise sports, entertainment and other activities at the outing are the following Chairmen: Attendance—Laurence C. Keating of Eastman Dillon, Union Securities & Co.; Arrangements—Robert A. W. Brauns of McDonnell & Co., Incorporated; Bawl Street Journal—Howard B. Dean of Harris, Upham & Co.; Bawl Street Journal Circulation—William W. Pevear of Irving Trust Co.; Entertainment — Charles L. Bergmann of R. W. Pressprich & Co.; Food & Beverage—Dudley F. Cates of Kidder, Peabody & Co.; Golf — James F. Burns, III of Blyth & Co., Inc.; Publicity—William H. Long, Jr. of Doremus & Co.; Special Features—J. Hindon Hyde of Halle & Stieglitz; Stock Exchange—J. Howard Carlson of Carl M. Loeb, Rhoades & Co.; Tennis—Harold H. Sherburne of Bacon, Whipple & Co.; Trap Shooting — Charles L. Morse, Jr. of Hemphill, Noyes & Co.; Trophy —Ralph Hornblower, Jr. of Hornblower & Weeks.

Named Director

Walter Van Blerkom, Ira Haupt & Co., New York City, has been elected to the Board of Directors of Standard Security Life Insurance Company of New York.

Addison Secs. Opens

WEST HEMPSTEAD, N. Y.—Addison Securities, Inc. has been formed with offices at 578 Buxton Avenue to conduct a securities business.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

During the past few days the tax-exempt bond market, as measured by new issue bidding, has shown abrupt improvement. Upon successful completion of the Treasury's $2,000,000,000 refunding and extension of debt, government issues led the way to general bond market improvement. The municipal bond market, in nice technical balance, followed as new issues were successfully underwritten and apparently well placed with investors. Concurrently, it appeared that secondary market offerings were taken to some degree with the result that dealer shelves have been considerably lightened. The Street Float, as indicated by the "Blue List," totaled $381,012,500 last week. Yesterday (May 11) the total was $344,384,754.

As measured by the *Commercial and Financial Chronicle's* state and municipal bond yield index, the market is up only about one-quarter point during the week. The average yield was reduced from 3.47% to 3.45%. The impetus of the new issue market will not be reflected in the index for another week because of the inevitable secondary lag implicit in a rising market.

Small Volume of New Business Persists

The technical position of the state and municipal market has improved measurably during the past few weeks. The new issue calendar is relatively light, particularly for this time of year. The volume of new issues during 1960 has fallen well behind estimates and it appears that for the first half the volume may be off as much as 25%. This is a surprising development in view of the dynamic estimates made early in the year.

Institutional and investor demand has more than kept pace with available offerings even though their interest has been reluctant in face of the diminished yields. Consequently, secondary volume has not built up for more than brief periods during the past few months. At present it is no problem and may not be for some weeks, particularly should new issue business not be generated in large volume during late May and June. The summer months can be almost counted on to be lacking in heavy underwriting.

Danger of Premature Easing of Credit

There are many that view the developing financial situation as calling for further easing of money. There is talk and some general sentiment, as well as political clamor, for a lowering of the discount rate. It would appear, however, that so important a change is likely to be made only after very careful consideration on the part of the Federal Reserve. Official statements indicate a reluctance to disturb this delicate credit mechanism at this time.

Most bond men would go along with this general premise. To definitely establish a bull bond market at this time might easily prove an economic mistake despite its political desirability. An increase in the cost of money may easily evolve in the coming months and again an upsetting change in rates would be required.

With the high success of the Public Housing Authority financing, dealers and investors proceeded to bid the longest bonds to a substantial premium. The issues seem well placed and the general market for New Housing bonds seems better established than ever.

Recent Financing

The largest and most interesting offering this week (May 10) involved $30,000,000 Jacksonville, Florida, electric revenue (1962-1980) bonds. The successful group was headed by the First Boston Corporation-Shields & Company-Lehman Brothers and C. J. Devine & Company. The interest cost bid was 3.48% and the maturities were scaled to yield from 2.70% to 3.50%. The offering has gotten off to a fair start with the balance reported at about $14,000,000.

An offering of significance, particularly to New Yorkers, $5,500,000 Suffolk County Water Authority, New York was also made on May 10. These revenue bonds (1961-1998) were bought by the Harriman, Ripley & Company-Goldman, Sachs & Company-Glore, Forgan & Company-L. F. Rothschild & Company groups. Scaled to yield from 2.75% to 4.10% the initial investor reception was moderate. About $4,000,000 remains in account at this writing.

On Tuesday, Cambridge, Mass., a city that rarely comes to market, accepted bids on $4,500,000 serial (1961-1980) bonds at a new high level for this market move. The First Boston Corporation-The Northern Trust Company-Estabrook & Company and others were successful bidders and reoffered the bonds to yield from 2.35% to 3.25%. This issue is reported less than half sold.

As we go to press (May 11) a group managed by Glore, Forgan & Company has submitted the winning bid of 3.357% interest cost for $6,000,000 Colorado Springs, Colorada, utility revenue bonds. This highly rated issue (1961-1975) is scaled from 2.50% to 3.35%. A good reception by investors is anticipated. This offering completes the important new issues scheduled for this weekly period.

Older Issues Quickly Sold

It is interesting to note the good follow-thru sales in recent new issue accounts which have been reported since last week's article. After initial reoffering on Tuesday, a week ago, there were $15,500,000 State of Minnesota bonds remaining in account. This balance has been reduced daily to the present total of $2,900,000. Over $3,500,000 Cook County, Ill., bonds have been sold since last week's offering and this account has been marked closed. The recent New York City account is also closed out. Numerous other recent issues such as State of Tennessee; Cascade County, Mont.; Florida Development Commission (Orange County) and University City, Mo. have all been marked closed since last week. Altogether it has been a busy week.

Another Slow Week Ahead

The new issue calendar for the coming week is of little consequence and includes no issues larger than $10,000,000. On May 17, Cincinnati, Ohio, will offer for competitive bidding, $9,515,000 various purpose improvement bonds maturing 1961-1995. Later the same day, Phoenix, Ariz., will sell $9,000,000 (1961-1988) water revenue bonds. These two issues will compose the week's important new underwritings.

The turnpike revenue issues have been quiet but firm during the last weekly period. The Smith, Barney & Company Index was reported at 3.99% on May 5. There are no new announcements concerning turnpike or similar revenue financings.

King-Size California Issue Later On

The largest addition to the new issue schedule is $50,000,000 State of California serial bonds to be offered on May 24. Although the sheets are replete with offerings of California bonds, the announcement of this offering has not in any manner upset the market. This highly rated obligation is now in a class by itself and a heavy supply of California bonds seems not directly related marketwise to other high grade offerings which appear in the market less often.

The present calendar of scheduled new issues amounts to only $350 million. This is less than half than it was a few weeks back. It is considerably less than the market might absorb in the period ahead. Extravagant new issue bidding seems likely to continue.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.00%	3.80%
Connecticut (State)	3¾%	1980-1982	3.50%	3.35%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.45%	3.30%
New York (State)	3%	1978-1979	3.30%	3.15%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.55%	3.40%
Los Angeles, Calif.	3¾%	1978-1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.40%	3.25%
New Orleans, La.	3¼%	1979	3.80%	3.65%
Chicago, Ill.	3¼%	1977	3.85%	3.70%
New York City, N. Y.	3%	1980	3.90%	3.80%

May 10, 1960 Index=3.45%

Wild Announces Retirement

SAN FRANCISCO, Calif.—A long and distinguished career on Montgomery Street came to a close May 1 when Richard W. Wild retired as a Vice-President of First California Company.

Richard W. Wild

"Dick" Wild has been on the Street for 46 years, except for a 2½ year tour of combat and Occupation duty with the U. S. Marine Corps during World War I. Most of his career was spent with First California Company and its predecessor firms, Bankamerica Company and National Bankitaly Company.

He joined National Bankitaly in 1928, as the great bull market of the late 20s approached a climax. The nightmarish events of the following year are among his strongest memories.

The big proxy fight for control of Transamerica Corp., then the parent company of Bank of America stirred up a hornet's nest in Bankamerica Co., he recalls. The titanic proxy contest pitted the late A. P. Giannini, Bank of America founder, against Wall Streeter Elisha P. Walker. "The Walker faction sent our salesmen out to work for them, soliciting proxies. The sentiment in the office, however, was all for A. P. We were happy when he won."

Mr. Wild, who is now 66, had hoped to retire a year ago but First California management persuaded him to stay on. He did relinquish the post of Executive Vice-President and his seat on the board of directors last year, however.

Mr. Wild's career has been spent almost entirely on the administrative and financial side of the investment business.

The greatest satisfaction of a long career? "I would say it was our expansion during the Fifties. In 1945, when First California first opened its doors, we had 15 offices. We now have 31."

Equity Investment Opens

(Special to The Financial Chronicle)

DENVER, Colo. — Equity Investment Corporation has been formed with offices at 650 17th Street to engage in a securities business. Officers are Robert F. Barbey, President; Ora R. Leverett, Vice-President; and Robert L. Barbey, Secretary-Treasurer.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

May 12 (Thursday)			
Fairview City School Dist., Ohio	1,100,000	1961-1980	Noon
Groton, Connecticut	1,000,000	1961-1980	Noon
Utica, New York	1,093,632	1961-1975	Noon
May 16 (Monday)			
Chillicothe School District, Ohio	1,000,000	1961-1980	Noon
Cullman, Alabama	1,250,000	1961-1990	2:00 p.m.
May 17 (Tuesday)			
Bonneville Co., class "A" School District No. 9, Idaho	1,400,000	-------	8:00 p.m.
Bridgeport Comm. Sch. Dist., Mich.	2,200,000	1961-1989	8:00 p.m.
Cincinnati, Ohio	9,515,000	1961-1995	-------
Green Bay, Wisconsin	1,055,000	1961-1978	11:00 a.m.
Hot Springs, Arkansas	1,300,000	1963-1990	2:00 p.m.
Lawrence Township School Dist., New Jersey	1,188,000	1962-1981	2:00 p.m.
Montgomery, etc., Central School District, New York	2,250,000	1961-1980	2:00 p.m.
Phoenix, Arizona	9,000,000	1961-1988	10:00 a.m.
Pittsburgh, Pennsylvania	3,750,000	1962-1985	10:00 a.m.
Sequoia Union High School Dist., California	1,500,000	1961-1985	10:00 a.m.
Terrebonne Parish Con. Sch. Dist. No. 1, Louisiana	1,000,000	1962-1985	10:00 a.m.
May 18 (Wednesday)			
Maine	7,250,000	1961-2000	11:00 a.m.
Mississippi	5,000,000	1964-1994	10:00 a.m.
Onondaga County, New York	5,750,000	1961-1983	11:00 a.m.
Princess Anne County, Virginia	2,500,000	1962-1985	Noon
Weston, Massachusetts	2,325,000	1961-1975	11:00 a.m.
May 19 (Thursday)			
Rennselaer County, New York	2,028,500	1960-1988	3:00 p.m.
New Baltimore, Michigan	1,290,000	1962-1989	8:00 p.m.
May 24 (Tuesday)			
California	50,000,000	-------	-------
Detroit, Michigan	9,125,000	1962-1995	10:00 a.m.
Detroit School District, Mich.	10,000,000	1961-1985	10:00 a.m.
Gary School City, Indiana	1,500,000	1962-1965	7:30 p.m.
Lynchburg, Virginia	2,800,000	1961-1980	12:30 p.m.
Madison, Wisconsin	3,000,000	1961-1980	10:00 a.m.
Middletown Sch. Dist., New Jersey	3,750,000	1962-1982	8:00 p.m.
Portland, Oregon	2,000,000	1963-1982	11:00 a.m.
Three Rivers Local Sch. Dist., Ohio	1,700,000	1961-1980	Noon
Wauwatosa, Wisconsin	1,400,000	1963-1997	7:30 p.m.
May 25 (Wednesday)			
Atlanta, Georgia	2,300,000	1962-1990	11:00 a.m.
Bunkie, Louisiana	1,558,000	1962-1999	11:00 a.m.
Denver, Colorado	11,750,000	1963-1987	-------
Grants Municipal School District No. 3, New Mexico	1,000,000	1961-1970	Noon
May 26 (Thursday)			
Fort Pierce, Florida	1,325,000	1964-1988	2:00 p.m.
May 31 (Tuesday)			
West Baton Rouge Parish School District No. 3, Louisiana	2,000,000	1961-1980	3:30 p.m.
June 1 (Wednesday)			
Harlingen Consolidated Independent School District, Texas	2,285,000	-------	-------
King County, Washington	10,000,000	1962-1980	11:00 a.m.
Upper Arlington School Dist., Ohio	2,000,000	-------	Noon
June 7 (Tuesday)			
Memphis, Tennessee	15,000,000	1961-1990	2:30 p.m.
Memphis Bd. of Education, Tenn.	2,700,000	1961-1990	
June 8 (Wednesday)			
Kern County Joint Union High School District, California	5,870,000	1964-1970	11:00 a.m.
Los Angeles Dept. of Water & Power System, California	15,000,000	-------	-------
June 9 (Thursday)			
Calcasieu Parish School District No. 30, Louisiana	2,000,000	1961-1980	10:00 a.m.
June 14 (Tuesday)			
Michigan	25,000,000	-------	-------
St. Paul, Minnesota	2,495,000	-------	-------
June 16 (Thursday)			
Honolulu, Hawaii	2,000,000	-------	-------
June 21 (Tuesday)			
Norfolk, Virginia	9,000,000	-------	-------
July 14 (Thursday)			
New Orleans, Louisiana	6,200,000	-------	10:00 a.m.

Current Policies of Pension Fund Investing

By Philip Hampton,* *Investment Manager, the State Teachers Retirement System of Ohio*

Mr. Hampton notes growth in knowledge and soundness by pension fund managers, and traces historical broadening of the fund he manages—one of the nation's older. Lists fund characteristics, including geometrical growth from cash in-flow and tax advantages. Envisages complete elimination of government bonds, shunning of preferred stocks, with concentration on taxable corporation bonds. Notes aversion to foreign issues. Comments favorably on World Bank bonds and on call-protected bonds. Approves greater purchases of common stocks, under "dollar averaging" and "formula" techniques.

Pension funds are comparative newcomers in the investment business; indeed, only since World War II have they come into their own on a large scale, so to speak, and have their special problems been recognized. In contrast, the commercial and savings banking industry has evolved over many, many years, as have the insurance industries. We can find many of the modern practices of banking and insurance in the records of the merchant-bankers of the Renaissance, and in more rudimentary form even in the baked clay tablets of Babylon.

Undoubtedly, the recent growth, both in number and in capital, of pension funds reflects a basic social philosophy which recognizes the desirability — even necessity—of providing for the needs of aged workers to an increasing extent. The advent of the Federal Income Tax just prior to World War I and the Federal Estate and Federal Gift Tax laws of the early 30's brought on the Federal Social Security law of the middle 30's. These laws, in effect, have given further impetus to the necessity of developing pension funds adequate to meet the needs of aged workers. As a consequence, older pension funds have been re-examined in the light of changing needs and new experience, and new pension funds have been started on a wide scale.

Gradually, experience is being gained in this relatively new field of pension fund management, and, it seems, certain definite management policies are beginning to emerge. Those who are charged with the responsibility of the establishment and management of pension funds are breaking away from some of the old "strait-jacketed" ways of thinking. Actuaries are developing experience and "know how." Management of pension funds is gradually changing from a guessing game to a more certain business.

The evolvement and development of pension funds—the private, quasi - public and public funds—and the management of pension funds over the next several years will give rise to many problems. The economic and social consequences of pension funds, with their many facets and ramifications, have not been fully recognized and probed. There are many questions still to be answered. No attempt will be made here to list all of the questions; much less answer them. However, it may be of some interest to discuss in some depth one particular pension fund and from that discussion we may draw some guidance.

As pension funds go, **The State Teachers Retirement System of Ohio** is not one of the oldest funds in the country today, but it can be said that it is one of the **older** funds. Legislation for its creation was enacted in 1919 and the fund actually had its inception in 1920, approximately 40 years ago. As was so often the case in those days, the investment of its funds was severely limited by law. In its case, investments were limited to United States Government Securities and to State of Ohio general municipal obligations.

Relaxation in 1949

It was not until 1949 that any real attempt was made to relax these restrictions. In 1949 it became legal for the fund to invest in certain AAA and AA Corporation bonds, but since most of the bonds that fall into these select categories are so-called "money rate" bonds they often yield not too much more than U. S. Treasury issues. This widening of permissible investments did not provide the fund with the increased earnings it needed. Having been so restricted in its investments from 1920 to 1949, the return on the total investment portfolio of the fund was very low indeed. Specifically, at the end of World War II the fund was 70% invested in United States Treasury bonds, most of which were the various 2½% issues that were sold during the war years. (The government during that period, you will remember, was the big borrower and practically the only borrower, so the funds had to go into U. S. Treasury securities.) Even as late as the end of August 1955, the return on the entire portfolio was only 2.88%.

It was not until 1955 that a realistic approach was taken. The law, at that time, after much study and effort, was changed to permit a far wider latitude for conservative investments.

At the present time the fund can be invested in "A" grade or better corporate bonds; municipal bonds of any of the states including revenue bonds (with certain restrictions); U. S. Government insured and guaranteed mortgages; 15% of the fund can be invested in stocks, and of the latter amount, 10% can be invested in common stocks. The fund also may invest in productive real estate within the state.

For comparison, the General Electric Company was one of the pioneers in industrial pension funds. That company started in 1912 a "pay-as-you-go," unfunded, retirement program. It was not until 1927 (15 years later) that its retirement plan was "funded," which would indicate that enough experience had been gained during that time to make it wise to do so. In 1946, 20 years later, the fund although "funded" was still entirely invested in government bonds. In 1947, after the fund had reached $150 million in total assets, the policy was changed to permit the investment of funds in "legals" for New York Life Insurance Companies, but it was not until 1950 that the policy was changed to permit the purchase of common stocks. Similarly, it was until 1958 that the Bell Telephone System Pension Fund was permitted to be invested in any common stocks. These instances are cited to point out that pension fund investing has evolved over a period of years in the light of actual experience, and undoubtedly will continue to improve and develop in the light of new experience and changing times and conditions.

The Ohio Teachers' pension fund has approximately $475 million in total assets at this date, and it is growing at the present time at the rate of about $60 million a year. There are, roughly speaking, 80 thousand members who pay into the fund each month; there are approximately 12 thousand on the retired list. Last year there were about 11 hundred new retired pensioners. Mortality, among both active and retired, is about 40 persons a month. These statistics are cited to point out the fact that all pension funds have certain specific characteristics that may vary somewhat between funds due to the nature of the business or profession involved. On the other hand, certain factors are common to **all** of them and are important in forming investment policy. I mention three very important characteristics that are common to all pension funds:

(1) All are exempt from income and capital gains taxes.

(2) All are set up on a long-range basis, as to the accumulation and distribution of funds.

(3) If the fund is set up on an actuarially sound basis, the flow of cash into the fund will exceed the cash outgo by a substantial margin and the fund will continue to grow in a more or less geometrical proportion, at least until stabilization between new members and pensioners is reached.

There are some other common characteristics but the three above are certainly basic and from them certain criteria can be formed to govern investment policy. I will name a few of the major investment considerations:

(1) A pension fund is primarily concerned with buying income and capital appreciation. *This is the major consideration over everything else.*

(2) There is practically no need for concern over liquidity, as we think of the term, as the pension fund will probably never be liquidated and the cash flow provides all of the liquidity needed.

(3) Pension funds should be fully invested at all times as the cash flows into the fund. This permits in effect a "dollar cost averaging" over a period of years.

(4) Since retirement funds are not subject to catastrophes and many other business hazards, there is no need to take a so-called defensive position.

As was pointed out, at the end of World War II the Ohio Teachers' pension fund was approximately 70% invested in government bonds. This was brought about by two factors—

(1) The legal restriction of the fund itself, at that time, and—

(2) The fact that during World War II the U. S. Government was the largest borrower.

It has been several years since the fund has made any new purchase of U. S. Treasuries and unless and until the return on government bonds exceeds the return on other eligible and otherwise sound investments, there is little likelihood that any new purchases of government bonds will be made. Although the present holding of government securities yields substantially less than 3%, the current dollar prices prevailing for these old issues are so far below their ultimate maturity value that it is difficult indeed, even for a pension fund, to liquidate these holdings for reinvestment in the current high return bonds available today. Especially is this so if no protection against an early refunding of the new bonds is provided. It would seem, therefore, that over a period of years these holdings of government bonds (and the same situation undoubtedly prevails with most pension funds) will be held to maturity and the fund in effect will be "dollar cost averaged" over the years. Conceivably, due to the growth of the fund, the holding of government bonds could ultimately be reduced to a small percentage, and by ultimate maturity to practically zero. In fact, unless government bonds afford a greater income return than can be found elsewhere, there appears to be little reason why any pension fund need own any government bonds at all. The same thing can be said, of course, of Federal Agency bonds.

The Mortgage Situation

A few words about *mortgages*—it has been our experience in very recent years that, at particular times, due to the over-supply of government insured and guaranteed mortgages and their consequent lower price and higher yield, it has been to our advantage to buy such mortgages rather than bonds. In our own case, an FHA mortgage—known as the "Capehart" mortgage—has afforded the fund an attractive investment opportunity over the past few years, and we now have a total mortgage holding of about 50 million, or about 10% of the fund at the moment. The overhead cost to the fund of handling and servicing these mortgages is very low as they can be acquired in large denominations, and the monthly

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Air Trunk Line Prospects — Bulletin — H Hentz. & Co., 72 Wall St., New York 5, N. Y. Also available is a bulletin on **Mississippi River Fuel Corp.**, a review of the **Motors** and analyses of **Waste King Corp. and Minneapolis & St. Louis.**

Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Chemicals—Study with particular reference to **Union Carbide, Monsanto Chemical** and **Olin Mathieson** — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y.

East Tintic Mining District of Utah — Report with particular reference to **Chief Consolidated Mining Co.** and **Tintic Standard Mining Co.** — A. G. Edwards & Sons, 485 Lexington Ave., New York 17, N. Y.

Fire & Casualty Stocks—Bulletin —Robert H. Huff & Co., 210 West Seventh St., Los Angeles 14, Calif.

Gold Equities — Bulletin — A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are studies of **Springfield Monarch Insurance Companies, Anheuser-Busch, Inc.,** and **Massachusetts Protective Association,** and a report on **Brown Company.**

Hawaiian Securities — Bulletin — Bishop Securities Ltd., King and Bishop Sts., Honolulu 4, Hawaii.

Iron Ore, Copper and Gold Stocks —Data—Draper Dobie and Company Ltd., 25 Adelaide St., West, Toronto, Ont., Canada. Also available is a bulletin on the "Bank Index Theory vs. Barron's Confidence Index."

Japanese Imports — Review and outlook in April issue of "Investor's Digest" — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. In the same issue are analyses of the **Heavy Duty Electric Equipment Industry and Automobile Sales.** Also available are reports on **Mitsubishi Shipbuilding and Engineering Co., Ltd., Sumitomo Chemical Industry Co., Kawasaki Steel Corp., and Tokyo Electric Power Co. Ltd.**

Natural Gas — Discussion of the industry — In the May issue of "The Exchange" — The Exchange Magazine, 11 Wall St., New York 5, N. Y.—20 cents per copy, $1.50 per year. In the same issue are a list of the 20 most valuable equities in Penn Mutual Life's year-end portfolio; 51 listed companies with sales or revenues of $1 billion or more in 1959; and data on **American Photocopy Equipment Co., Suburban Gas Co., Dentists Supply company of New York** and **Tractor Supply Co.** Also available is a brochure "Telling Your Corporate Store," an editorial guide for listed companies.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Public Utility Common Stocks—Comparative figures — G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

Selected Investments—List of securities which appear attractive—Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Steels—Review—Schirmer, Atherton & Co., 50 Congress St., Boston 3, Mass. Also available is a bulletin on **S. D. Warren Co., Craig Systems, Inc., West Point Manufacturing Co.,** and **Texaco, Inc.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

* * *

Alabama Gas Corporation — Bulletin—Georgeson & Co., 52 Wall St., New York 5, N. Y. Also available is a bulletin on **Williams-McWilliams Industries.**

American Cyanamid—Bulletin—Federman, Stonehill & Co., 70 Pine Street, New York 5, N. Y.

American Express Co. — Memorandum — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Ryder System, Inc.**

American Gypsum Company—Report — Lowell, Murphy & Co., Denver Club Building, Denver 2, Colorado.

American Marietta — Analysis — First California Company, Incorporated, 300 Montgomery Street, San Francisco 20, Calif.

American Viscose Corporation—Analysis — Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Argonaut Insurance Company — Analysis—Walter C. Gorey & Co., Russ Building, San Francisco 4, Calif.

Brown Company — Data in May "Investment Letter"—J. R. Williston & Beane, 2 Broadway, New York 4, N. Y. Also in the same bulletin are data on the **Record Keeping Industry** and **Summer-time Favorites.**

Burroughs Corporation — Review —Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Canadian Breweries — Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available are memorandum on **McGregor-Doniger** and **Magnavox.**

Canadian Gas & Energy Investments, Ltd. — Review — Gairdner & Company Limited, 320 Bay St., Toronto, Ont., Canada.

Carolina Power & Light Company —Analysis—Cooley & Company, 100 Pearl Street, Hartford 4, Conn. Also available are data on **National Video Corporation.**

Cary Chemicals Inc.—Analysis—P. W. Brooks & Co. Incorporated, 120 Broadway, New York 5, N. Y.

Combustion Engineering Inc. — Bulletin — Reynolds & Co., 120 Broadway, New York 5, N. Y.

Crompton & Knowles—Report—Simmons, Rubin & Co., Inc., 56 Beaver St., New York 4, N. Y. Also available is a report on **Big Apple Supermarkets.**

Denver & Rio Grande Western—Bulletin—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Gimbel Brothers, Republic Aviation, Youngstown Sheet & Tube, Harris Trust & Savings Bank, Pepsi Cola Co.** and **Southern California Edison.**

Dresser Industries—Memorandum —Pershing & Co., 120 Broadway, New York 5, N. Y.

Ferro Corporation — Analysis — Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available is a memorandum on **Copeland Refrigeration.**

First Financial Corporation of the West—Report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Geco Mines Limited—Analysis—Wills, Bickle & Company, Ltd., 44 King Street, West, Toronto, Ont., Canada.

Gillette Co.—Data—Sutro Bros. & Co., 80 Pine Street, New York 5, N. Y. Also in the same circular is a discussion of **Cessna Aircraft** and **Beech Aircraft.**

Grumman Aircraft Engineering Corp.—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Hartford Electric Light—Analysis —Ernst & Company, 120 Broadway, New York 5, N. Y.

Harvey Boat Works, Inc.—Analysis—Walter R. Blaha & Company, Inc., 29-09 Bridge Plaza North, Long Island City 1, N. Y.

Hershey Chocolate — Memorandum—Hardy & Co., 30 Broad St., New York 4, N. Y.

Honeycomb Products, Inc.—Analysis—Alessandrini & Co., Inc., 11 Broadway, New York 4, N. Y.

International Nickel Co. of Canada—Review—Droulia & Co., 25 Broad St., New York 4, N. Y.

International Rectifier Corporation — Analysis — Woodcock, Moyer, Fricke & French, Incorporated, 123 South Broad Street, Philadelphia 9, Pa. Also available are a list of favorite stocks, and a memorandum on **Beckman Instruments.**

International Resistance Co. — Analysis—Steiner, Rouse & Company, 19 Rector Street, New York 6, N. Y.

Interstate Bakeries — Memorandum—Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

Koppers Company — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of **Haveg Industries, Inc.**

Lukens Steel — Memorandum — Theodore Tsolainos & Co., 44 Wall Street, New York 5, N. Y.

Marquette Cement Manufacturing Co.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Merchants Fast Motor Lines — Analysis—Eppler, Guerin & Turner, Inc., Fidelity Union Life Building, Dallas 1, Texas.

Mesta Machine—Bulletin—Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a bulletin on **"Six Oils for the Long Pull."**

National City Lines — Memorandum — Bruns, Nordemen & Co., 115 Broadway, New York 6, N. Y.

Parke Davis and Company—Analysis—Cohen, Simonson & Co., 25 Broad St., New York 4, N. Y.

M. F. Patterson Dental Supply Co. of Delaware — Memorandum — Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Peoples Gas Light & Coke—Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also in the same circular is a review of **Pittsburgh Plate Glass Co.**

Pet Milk—Memorandum—Julien Collins & Company, 105 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Harris Trust & Savings Bank.**

Public Service Electric & Gas—Memorandum — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Purex Corp. Ltd. — Memorandum —A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis on **Culligan, Incorporated.**

Richardson Co.—Memorandum—Chesley & Co., 105 South La Salle Street, Chicago 3, Ill.

Richman Brothers—Memorandum —A. G. Becker & Co. Incorporated, 120 South La Salle Street, Chicago 3, Ill.

Singer Manufacturing Company—Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Singer Manufacturing Company—Bulletin—Hill, Darlington & Co., 40 Wall St., New York 5, N. Y.

Standard Register—Memorandum —Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also in the May 11th "Investors Reader" are data on **General Cable, Union Carbide, Allied Chemical Corp., Manpower, Vendo, Corn Products Company, Worthington Corp., Foote Mineral Company, Sanborn Company, Revere Copper & Brass Inc., Koppers.**

Telephone Service Co. of Ohio—Data—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are data on **Chicago Aerial Industries, Inc.,** and **McGraw Hill Publishing Co.**

Texas International Sulphur Co.—Memorandum — Kakouris & Co., Ainsley Building, Miami 32, Fla.

Toledo Scale Corporation—Analysis — McDonald & Company, Union Commerce Building, Cleveland 14, Ohio.

U. S. Vitamin & Pharmaceutical Corporation—Analysis Hay, Fales & Co., 71 Broadway, New York 6, N. Y. Also available is a circular on **Hydrometals Inc.**

Jim Walter Corporation—Report —Johnson, Lane, Space and Co., Inc., 101 East Bay Street, Savannah, Ga.

Western Casualty and Surety Company—Analysis—Blair & Co., Incorporated, 20 Broad Street, New York 5, N. Y.

White Motor Company—Analysis — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. In the same circular is a review of the **Kendall Company.** Also available is a study of **Magnavox Company.**

Winn Dixie Stores, Inc.—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a memorandum on **Bestwall Gypsum.**

St. Lawrence Seaway and Canadian Mineral Industry

By R. B. Elver, Minerals Economic Section, Mineral Resources Division, Dept. of Mines and Technical Surveys, Ottawa, Canada*

Canadian expert evaluates the effect of the St. Lawrence Seaway on the Canadian mineral industry and upon alternate transportation routes. Mr. Elver expects the high grade relatively inexpensive ore from Labrador-Quebec may lead to plants in U. S. A., or Canada, or both, to feed the local steel market and to take advantage of the cheaper Seaway transportation to some market areas. He describes the producers of iron ore and their plans, and devotes most of this study to iron ore but does not neglect coal and coke, petroleum and petroleum products, nonferrous and ferroalloys and steel. In recounting the events leading to the Seaway's construction, he refers to our pressuring need for iron ore, and the mutual needs of defense, electric power and industrialization of the Great Lakes and St. Lawrence River valley.

Introduction

The St. Lawrence Seaway, a deep-water canal system between Montreal and Lake Ontario, was opened for navigation on April 25, 1959. Prior to the opening of the new Seaway, small boats known as canalers and a few deep-sea carriers, primarily from Norway since World War II, were the only ships able to journey past Montreal into Lake Ontario through the old Canadian St. Lawrence canal system. Thus it was necessary for many tons of bulk and general cargo to be shipped all-rail to and from Atlantic ports or to be transshipped to and from canalers. With the opening of the new Seaway, large Great Lakes bulk carriers and a much larger percentage of the world's shipping fleet are now able to sail directly from the sea to the headt of industrial North America.

R. B. Elver

In this paper, the historical events leading up to the construction of the Seaway and the physical nature of the Great Lakes transportation system are briefly reviewed. Following this, an attempt is made to evaluate the effects of the new Seaway on Canada's mineral industry. Because the Seaway has been in operation for only one season, this paper must be considered only an interim report. Because of the importance of the Seaway to iron ore, this commodity will be dealt with in detail, although the effect on other mineral commodities such as coal, petroleum, non-ferrous ores, iron and steel will be mentioned.

Historical Background

Much has been written on the historical events leading up to the completion of the joint Seaway and power project. Probably the most complete account under one cover is T. L. Hill's "The St. Lawrence Seaway." (Methuen & Co. Ltd., 36 Essex St., London, 1959, 157pp.).

The initial canal-building period on the St. Lawrence River dates back to the first half of the nineteenth century. By 1848, a ship drawing not more than 8 feet of water could avoid the rapids on the St. Lawrence River. The chief impetus for the construction of these canals was to provide an economic trading link from what is now southern Ontario to Montreal and overseas markets. The threat of economic absorption by the United States to the south also encouraged an east-west transportation link.

With the rapid increase in the size of ships, the 1848 canal system was outmoded by the time it was completed. Within the next few years, this 9-foot system became the main bottleneck for large boats of the day wishing to go from the Great Lakes system to the Atlantic Ocean. Thus only small boats and barges could use the system. The Montreal-Atlantic Ocean portion had been dredged to 20 feet and the Welland Canal deepened to 14 feet by 1887. During the next decade the various locks and connecting channels were deepened or twinned but it was not until 1903 that a 14-foot canal system linked Montreal with Lake Ontario.

As in 1848, the new system was outmoded for most of the Great Lakes and ocean-going freighters of the day. Throughout the whole era of canal building on the Great Lakes, the St. Lawrence canal system has continued, until 1959, to be the main bottleneck in the link between the world's largest network of inland waterways and the oceans of international commerce. During the 1920's and 1930's the capacity of the system to handle even small boats and barges was reached.

Iron and Steel Swung the Balance

Agitations for and against what is now the St. Lawrence Seaway continued intermittently since the early 1920's, until 1954 when a Canadian-United States agreement was concluded, authorizing the joint Seaway and power project. Prior to World War II, midwest grain and coal producers and port authorities on the Great Lakes agitated for the Seaway but important groups in the United States, primarily the railways, had the effect of delaying United States government action, although the Canadian government had supported the Seaway project for many years. After World War II, several factors appeared which swung the balance of influence to the pro-seaway interests, by now enlarged to include many industrial groups among which the iron and steel industry was prominent. At the time of decision the following points were of utmost importance:

(1) With the recognition of the limitations of the Lake Superior area to meet the increasing demand for iron ore, the need for importing ore into the United States was a serious matter. The recent developments in the Labrador-Quebec fields provided the only large, new source on the continent and the old, shallow canal system limited the tonnage of ore that could be delivered cheaply to Lake Erie ports. Besides economic reasons, the question of national defense entered the picture.

(2) The demand for electrical power was critical, not only in New York state, but also in Canada's main industrial province, Ontario. The development of the joint Seaway and power project would help to alleviate the problem.

Besides these factors, the proponents of the Seaway contended that it would spur further industrialization in the Great Lakes and St. Lawrence River valley and improve the general economy of these regions with the advent of lower cost imports and exports with overseas countries. Although there would be dislocations these would be minor relative to the overall benefits.

Between 1954 and 1959 over one billion dollars was spent to develop to Seaway and power projects. The $600-million power project with a generating capacity of 2.2 million h.p. was financed jointly by the New York Power Authority and the Ontario Hydro-Electric Power Commission. The $475-million Seaway was financed by two federal agencies, the St. Lawrence Seaway Development Corporation of the United States and the St. Lawrence Seaway Authority of Canada. Canada spent about $325 million on the Seaway's construction while the United States share was $150 million. The St. Lawrence Seaway Act passed in both countries states that the $475 million for the Seaway must be recovered over a period of 50 years through tolls. This reverses a long-standing Canadian-United States policy of waterway provision and maintenance through general taxation.

Besides the development of the Seaway canals, considerable sums of money have been spent on dredging and improving other connecting links on the Great Lakes Waterway beyond Lake Ontario.

Previous Estimates of Future Seaway Traffic

Before the Canadian-United States agreement was concluded in 1954, several agencies made estimates of future Seaway traffic.

In general terms, the volume of traffic was expected to rise from the 10-12-million-ton level carried between 1953 and 1958 to 36.5 million tons in 1959, to 47 million tons in 1965 and level off at 50-60 tons after 1968. The role of the new Seaway was not expected to change greatly. All predictions indicated a continued, but greatly expanded, specialization in bulk commodities such as grain, iron ore and coal. The major change anticipated was an increase in the relative importance of general cargo.

During the first five years of operation, iron ore shipping was expected to average 10 million tons annually. By the end of the first ten years, the average was expected to rise to 20 million tons and constitute about 50% of all Seaway traffic. Coal and coke shipments were expected to rise less spectacularly to between 4 and 6 million tons within five years. Exports of coal to western Europe were to account for the major part of this increase. Increases in petroleum and petroleum products were not expected to rise significantly, especially with the prospects for additional pipeline construction to refineries and market areas. Significant increases in non-ferrous ore and metal traffic were not expected. During 1958, the 1959 estimate was revised downward from 36.5 to 25.0 million tons.

For the first year of Seaway operations preliminary figures suggested a total traffic of 20 million tons or 80% of the revised estimate. The 1959 traffic did, however, represent a 71% increase over the 1958 traffic.

With the decrease in expected traffic during the first year of operation, there has been increasing pressure by anti-Seaway interests for increased tolls. Since the Seaway must be paid for through tolls within 50 years, as required by law, they argue that the 1959 toll rates are insufficient to generate enough revenue. There is no indication that the tolls will be changed at this time.

Effects on the Canadian Mineral Industry

The success of the power phase of the St. Lawrence project was assured from the start because of a large increasing demand and relatively low total cost of production. An increasing demand for hydro-electric power existed in both upper New York state and southern Ontario. During the 1950's this increasing demand became so critical that had the St. Lawrence power project not been undertaken, costlier steam-generating plants would have been required in much larger numbers. The cost to produce hydroelectric power on the Seaway has been estimated at 4.3 mills per kwh compared with 7.0 mills per kwh from thermal power plants recently built in southern Ontario. Certainly power authorities on both sides of the border will operate the St. Lawrence power project at capacity before installing additional thermal power generating units.

Although a large demand for the power to be generated existed there was also a surplus available which, due to its relative cheapness, has attracted new industry to the area. Besides relatively cheap power, there are several other favorable factors, such as abundant water supply, Seaway transportation, rail transportation and favorable location relative to many market areas.

For reasons outlined above, Reynolds Metal Company recently completed an $88 million alumina reduction plant at Massena, New York, and Chromium Mining and Smelting Corporation, Limited, recently closed its Sault Ste., Marie, Ontario, ferroalloy plant in favor of its Beauharnois, Quebec, plant. Similarly, further industrial expansion can be expected, especially for such mineral processing plants as related to the aluminum, ferroalloy and artificial abrasive industries.

For companies wishing to locate in Canada, however, the St. Lawrence River valley area is equally as attractive. Although transportation costs to Great Lake and inland markets would be somewhat higher, transportation costs for marketable products to the east coast and overseas markets would be lower. In addition, more favorable hydroelectric power costs are available in several locations. At

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Terminological Appraisal Of Life Insurance Stocks

By Hugh M. Ettinger, *Specialist in Bank and Insurance Stocks Merrill Lynch, Pierce, Fenner & Smith Inc., New York City*

An investment appraisal of insurance stocks requires a working knowledge of the industry's vocabulary. In explaining why this is so, Mr. Ettinger outlines the different kinds of insurance and the adjustments that have to be made to reflect correct values of earnings and book value. He classifies insurance companies by their different types and characteristics, and delves into the factors that lift and depress basic earning power as well as other aspects of the profitability of insurance.

The life insurance industry is not too well understood by the average investor because of its unusual terminology and the fact that earnings and book value require some adjustment to reflect their correct values. Furthermore, there are different types of companies within the industry, and these have different characteristics. Therefore, in this article we will try to explain a bit about the industry.

Hugh M. Ettinger

First, there are several different kinds of insurance written by life insurance companies. Some companies specialize in just one or two of these kinds of insurance, some companies write many kinds of insurance. The growth potential and earnings prospects of a life insurance company relate to the kinds of insurance which it writes. Without getting into the details of different types of insurance policies, the broad kinds of insurance are:

Whole Life Ordinary: This is the type sold usually to individuals which builds up cash values in the years to maturity.

Ordinary Term Insurance: Term insurance does not usually build up cash values for the policy holder. The rate is set entirely on the basis of the mortality expectancy of the policy holder, depending on his age. It is inexpensive covereage for young people, but becomes more expensive as the policy holder grows older.

Group Life Insurance: Straight life insurance written on a group basis is essentially term insurance, unless the contract calls for a build up in values for the policy holders. Since buyers of group insurance can shop around for the best price, rates often are lower than individual term insurance rates.

Credit Life Insurance: This is term insurance written on a person's life for the duration of an installment purchase contract on a car or appliance or on a cash loan. If the person dies before paying up his installment contract, the life insurance company pays the contract.

Industrial Life Insurance: This is the type of insurance where the agent comes around and collects the premium, usually once a week. Also called "weekly debit" insurance, this type is usually sold in small amounts. The premium is often as low as $0.50 per week per policy.

Reinsurance: Certain life insurance companies do a substantial business reinsuring the life insurance risks of other companies. What they do essentially is to write a term policy covering the risk and charge a fraction of the annual premium as compensation.

Accident and Health: Life insurance companies write insurance of the Blue Cross type and also insurance which pays the policy holder a salary, if he loses time on the job because of health reasons.

Profitable Type for the Investor

It is not easy to say which type of insurance is most profitable. For example, individual term insurance usually returns a respectable profit. However, term written on a group basis can carry a very thin margin. Under certain circumstances, credit life insurance can have a fat profit but under other circumstances, it can be practically profitless. By the same token, depending on competitive conditions, reinsurance can be profitable or not. Accident and health business shows very widely different profit experience, depending on many factors, such as the type of business written, management experience in the business, whether or not the policy is tied-in with sale of life insurance and so forth.

Industrial insurance, both life and accident and health, usually is a rather profitable business. However, a lot depends on the volume per agent, and the level of operating expenses. Also, industrial business has not been growing very rapidly.

Surveying the overall picture, whole life ordinary insurance seems the most desirable type from the point of view of the stockholder. There are good profits in ordinary under current circumstances, and economic factors appear to favor a field force geared to sell this type of insurance.

Ordinary insurance is both "participating" and "non-participating." This means that the policy holder is entitled to participate in profits or not. Generally speaking, unless the company does business in one or two states, including New York, "participating" ordinary is probably as profitable to the stockholder as the non-participating variety. However, if other things are equal, I would prefer a company with non-participating ordinary business.

The more term and group business a company has, the less attractive it is likely to be from a profit point of view. This is an over-simplification, actually, because there are big companies which have a substantial group business which do rather well profitwise. However, group was once much more profitable than it is now. There are companies, traditionally heavy in group insurance which are attractive because they are building up volume in ordinary insurance. The same is true for certain of the large industrial insurance, or "combination" companies, as they are called. Industrial insurance has been slow to grow in recent years, because, as people's incomes have risen they have become buyers of ordinary insurance, dispensing with the inconvenience of weekly payments. However, many of the leading "combination" companies are aggressively striving to sell ordinary insurance, not only through their existing field force of "debit agents," but in many cases, through recently-organized ordinary departments. By the same token, certain companies traditionally heavy in accident and health lines, are moving into sale of ordinary insurance. A & H once was a rather profitable business but competition has increased strongly in recent years, and inflation has boosted claim settlement costs. Companies traditionally in the field are in many cases seeking to diversify.

It might be said, therefore, that life insurance companies write many kinds of insurance but that profit potential appears greatest in ordinary insurance under current conditions.

Of course, there are important exceptions to this. Certain of the accident and health companies do quite well, concentrating on preferred risks and carefully writing their policies. Also, in the industrial insurance field, growth can develop through acquisition of smaller companies, consolidating expenses and building profits by widening profit margins. Also, certain of the giant companies will write group life insurance and accident and health insurance at very thin profit margins. However, excluding these considerations, the above conclusions appear generally valid.

Glamour Companies of the Industry

Therefore, the companies which combine (1) heavy emphasis on sale of ordinary insurance with (2) aggressive management are the "glamour" companies in the life insurance field. Large or small, they usually sell high in relation to earnings and book value. Franklin Life Insurance Company, Jefferson Standard Life Insurance Company, Government Employees Life Insurance Company, United Service Life Insurance Company, Philadelphia Life Insurance Company, Midwestern United Life Insurance Company, American Heritage Life Insurance Company, Maryland Life Insurance Company are examples of this type.

Conversely, companies which are (1) heavily in industrial insurance and (2) not vigorously expanding sales, are the companies which appear "cheap" on a statistical basis. These have had worth-while earnings growth in most cases, but the market is somewhat skeptical about their future growth potential. Mergers are wont to take place within this group, as managements seek to beef-up profits by consolidating expenses. Life Insurance Company of Virginia, Monumental Life, Gulf Life are examples of this type.

Then there are companies which combine some of the characteristics of both groups, or which are heavily in other lines such as group insurance, credit life insurance or accident and health insurance. Some of these companies are striving to break out of historical patterns and, in many cases, are seeking to build up sales of ordinary insurance. I would include the more aggressive industrial companies in this group. Examples are National Life and Accident Insurance Company, Provident Life and Accident Insurance Company (heavy A & H and group) Life and Casualty Insurance Company of Tennessee, Interstate Life and Accident Insurance Company, Beneficial Standard Life Insurance Company (heavy A & H), American National Insurance Company of Galveston, U. S. Life Insurance Company (heavy group), Commonwealth Life Insurance Company, Businessmen's Assurance Company (heavy group).

As can be seen, there are many companies in the third category. Perhaps, some of the companies in the second group belong in this class also, such as Monumental Life or Gulf Life. The number of companies in the third group partly reflects the fact that the life insurance business in certain parts of the country grew up on industrial insurance and the heavy emphasis on ordinary is a relatively recent development.

Then, there are companies heavily in ordinary insurance where managements strive for an only gradual growth. Kansas City Life Insurance Company or Standard Life Insurance Company of Indiana would be examples of this type. Generally, these stocks are conservatively valued by the market.

Also, there are a few companies which specialize in reinsurance. Examples of better-known reinsurance companies are Lincoln National Life Insurance Company (about a third of its volume is reinsurance) and Republic National Life Insurance Company of Dallas. Reinsurance volume has shown tremendous growth, particularly for a relatively small company like Republic National. However, rate competition is heavy, and thus far profit margins have been on the thin side.

Finally, of course, are the giant life insurance companies which write all types of insurance. These include Aetna Life Insurance Company, Travelers Insurance Company, Connecticut General Life Insurance Company, Lincoln National Life Insurance Company (also under reinsurance category), and Continental Assurance Company. These companies can be expected to share fully the prospects for their industry, although growth in volume, varies from company to company.

It should be realized that the life insurance industry is dominated by mutual companies. The six largest companies in the industry and 16 of the 20 largest companies, are mutual companies.

Life Insurance Company Earnings

It is not difficult to recognize the factors which affect the basic earning power of a life insurance company. The difficulty most investors have with life insurance stocks is understanding just what they are looking at when they study any one particular year's earnings of a company.

First, let us discuss the basic earning power of a life insurance company. It is affected by three main influences: (1) interest rates available on bonds, mortgages and other fixed-income investments; (2) the life span of the policy holder; (3) whether expenses can be controlled. There is a second tier of considerations such as the rate of lapse of policies, and capital strength (as it can affect per-share earnings growth), but first we will discuss the three main influences.

When management of a life insurance company sets the premium rate on a life insurance policy, it makes assumptions about three things: (1) the level of interest return available on fixed-income investments over the life of the policy; (2) the life expectancy of the policy holder; and (3) expenses likely to be incurred over the life of the policy. Once the rate is set, it stays fixed for the life of the policy (we are talking about an ordinary whole life policy).

Therefore, it is easy to see that in a period of long-term decline in interest rates, such as the period from the 1920's to 1947, life insurance earnings suffer. Conversely, in a period such as 1947 to 1960, when interest rates rise strongly, life insurance earnings benefit. Mortality trends have been favorable for many years, and so the industry has derived continuous benefit from that source. As to the third source, although inflation has caused a continual increase in operating expenses, the life insurance industry has done very well in controlling expenses on a unit basis. The business is susceptible to mechanization (in the bookkeeping and billing end) to a high degree and this has helped control expenses per policy. Also, salesman are paid on a commission basis and this keeps overhead down.

The investor might logically ask at this point: if the trend in interest rates has been favorable and if the trend in mortality has been favorable and if expenses have been controlled, then why don't we see strong year-to-year jumps in life insurance earnings, especially in years when volume rises strongly.

The answer to this question takes us into a discussion of the earnings statement of a life insurance company, and the way sales expenses are allocated.

An important influence which depresses life insurance earnings is the fact that it costs the typical life insurance company at least the entire first year's premium to put new business on the books. The company pays the agent anywhere from 50% to 100% or more of the first year's premium in the form of commissions and allowances. Then, there are printing, bookkeeping and other costs which which come out of the first year's premium also. These first year costs constitute a heavy part of the costs of the policy for its entire life. They will be amortized over the life of the policy. Hence, earnings will build up over the life of the policy. However, it is a fact that a policy loses money in its early years.

It becomes clear, therefore, that if a company is writing a heavy volume of new business, then its normal earnings level will be pulled down and distorted by the drain of the losses incurred on the new business.

For example, the table below shows what the profits on a whole life ordinary insurance policy might look like based on industry averages. This is a rough calculation:

TABLE I

Estimated Profits on a Whole Life Ordinary Policy Assuming No Lapses

Year	Profit per $1,000 Insurance In Force	Year	Profit per $1,000 Insurance In Force
1 ---	d$6.50	11	$6.10
2 ---	2.45	12	6.30
3 ---	2.40	13	6.50
4 ---	2.20	14	6.30
5 ---	2.15	15	6.40
6 ---	5.20	16	7.00
7 ---	5.30	17	7.50
8 ---	5.60	18	8.00
9 ---	5.80	19	8.60
10 ---	5.90	20	8.80

d deficit

It can be seen from the above that it would take until the fourth year for this policy to break into the black. Thus, if a company were writing a lot of these policies, there would be quite a drain on earnings because of the first year losses.

Actually, the above table is not realistic because we should realize that of a given number of these policies written in any year quite a few will lapse before the twenty years are up. The agent receives his commission as the premium is paid. Therefore, if a policy lapses in the second year of its existence, the company can lose money on it.

If we take all the business of the above type which a company might write and apportion the profit over all policies, in force and lapsed over a 20 year period, then we have a much different (and more accurate) picture of the profits on the business. Below we do this, very roughly, based on what might be typical experience of a company in Table II.

It is clear from comparing Tables I and II that the lapse ratio can have an important effect on the profitability of a life insurance company. In fact, some people contend that the rate of lapse is as important as the trend in interest rates in determining life insurance profitability.

Adjustment to Earnings

A number of paragraphs ago we were talking about the heavy drain on the earnings of a life insurance company if it is writing heavy new ordinary business. Since this drain distorts and de-

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Consumer Credit as an Economic Stabilizer

By E. F. Wonderlic,* *President, General Finance Corporation Evanston, Illinois*

Study provides detailed rebuttal of the claim that consumer credit stimulates consumer buying and, under certain conditions, is price inflationary. Sales finance companies are found unable to contribute to price inflation or have an appreciable impact upon over-all economic stability. Concern is expressed about the quality of credit and the repossession-rate of cars because of the competitive inroads of factory financed credit subsidiaries. Neither of these credit problems is believed conducive to government regulation on down payments or maturities as they are said to have only a temporary effect and deal with but a small per cent of the total. Aggregates analyzed show that a small part of consumer credit is used for consumer services and is much less than total financial savings.

Much attention has been given to the fact that consumer credit in terms of outstandings has been increasing steadily in the post-war period. This single statistical development has been used as the basis for a persistent campaign to "control" consumer credit because of the undocumented and apparently obvious conclusion that consumer credit is a major factor in causing "inflation." The consumer credit industry has done a poor job of combatting this approach. We have apparently accepted the assumptions and have offered a rather apologetic defense that consumer credit is a good thing because "it makes possible mass purchasing which ties in with mass production which leads to lower prices, etc., etc."

Has Credit Stimulated Over-Buying?

Let us examine the assumptions and the resulting theory that consumer credit (and the implication is that this is "easy" credit) has stimulated over-buying of automobiles and other consumer durable goods and that this over-buying has stimulated over-production which leads to inflation, etc., etc. Translating this theory apparently means that too many people are buying too many cars and that car production has been going up by leaps and bounds year after year in a huge inflationary spiral which will obviously wreck the economy, and the villain in the whole thing is consumer credit. Obviously then the most recent years would show the largest figures in this terrific overstimulation of automobile buying.

The figures of course, are quite different. 1955 still stands as the largest automobile sales year with 7,170,000 passenger cars. The *second biggest year* was 1950 with 6,326,000 cars. The recent year of 1958 was the *second poorest year* in 10 years, with only 4,650,000 cars and we have to go back to 1952 to find a lower figure (4,158,000). 1959 barely topped the six million mark (6,027,000) and there is no danger at all that 1960 will set any new record. What has happened to the easy assumptions that consumer credit is causing too many cars to be built and sold?

Could it be that consumer credit has become "tighter" in the past few years? We all know that this is not the answer. Automobile purchase credit was at its "easiest" level in 1958 and 1959. Actual down payments are now in the 10% to 20% range and maturities are standard at 36 months with an occasional breakthrough to 42 months. This compares with the record breaking years of 1955 and 1950 when it was still prevalent to have one-third down payment and 24 months with *occasional* stretching to 30 months and 36 months.

The advocates of consumer credit as an inflationary influence ignore all of these minor details and use only the single measuring stick that consumer credit outstanding in *dollars* is rising! They also ignore such factors as the constantly rising population and the higher price levels which have raised the dollar figure for all other economic factors such as gross national product, wage levels, government spending, taxes of all kinds, etc. There is no particular point in mentioning these adjustment factors so long as so many people continue to be mesmerized by the rising level of consumer credit outstandings and so long as our industry accepts this one measuring stick as a figure to be defended.

What do these figures on consumer credit outstandings actually represent? Let's take automobile credit which is the largest single factor and is generally the favorite point of attack by the control advocates. The number of private passenger cars in use as measured by registrations was at the wartime low in 1944 when there were 25,466,000 passenger cars in use. By 1950 this had increased to 40,185,000. The latest accurate figures are for 1958 when the total reached 56,645,000. A projection of sales figures and scrappage figures indicates that there are currently more than 58 million passenger cars on the road. This huge mass of mobile transportation represents a great economic and social asset. These cars also represent a terrific asset in terms of national defense.

Was this accomplished by putting the 58 million owners heavily in debt with reckless disregard of the national welfare? Are these cars heavily "plastered" with debt made possible by uncontrolled consumer credit? If we divide the total amount of auto credit outstanding by the number of private passenger cars in use, we get a figure of $251 per car at the end of 1958. This is a small fraction of the value of each car and represents possibly two weeks pay for the families which own these cars. This gives a somewhat different picture than talking about 15 billion of automobile credit outstanding. It is the same technique as reducing the national debt to per capita figures of relatively small amounts for each man, woman, and child, including yesterday's newly born babies.

Incidentally, this figure of $251 per car is the lowest figure since 1954. Back in 1953 the figure was $213 per car and the difference is more than accounted for in the increased cost of automobiles and the reduced value of the dollar.

There is another realistic approach to automobile credit and automobile usage which is frequently overlooked. It can be conservatively stated that present day automobiles have a potential life of 10 years and 100,000 miles of satisfactory service. (Industry figures show that both mileage and years of use have been steadily increasing and are presently *above* the 10 years and 100,000 mileage combination.)

The new car buyer using installment credit on a 36 month contract will have used only three-tenths of the potential life and mileage of his car during the time he is paying for it. At the completion of his payment period, he has built up an equity of seven years and 70,000 miles of additional usage. It is immaterial whether this additional life and mileage will be used up by the original purchaser or by a second and third owner of the car. Hence, the installment buying of an automobile is a savings process as well as an act of purchasing and spending. The results of this savings process are clearly measurable as a part of our national wealth in the form of the 58 million passenger cars in current operation with an average debt of only $251 per car.

Adjusts for Rising Non-Credit Costs

A substantial part of the increase in automobile credit extended and outstanding is directly related to the higher price of automobiles. Probably the most reliable measurement of automobile prices is the average wholesale price per car at factory level and before adding excise taxes and retail mark-up, both of which are fairly constant percentages of the factory wholesale price. This price has been increasing consistently each year. Back in 1950 (the second highest sales year) the average wholesale price was $1,270. In the record breaking year of 1955, this wholesale price had increased to $1,572. In the disappointing sales year of 1958, the price had increased to $1,881. The increase continued in 1959 to a level of $1,920. These are all domestic prices and not influenced by the recent popularity of foreign economy cars. 1960 will probably show a tapering off in average domestic wholesale prices because of the substantial sales of domestic economy cars to meet the foreign competition threat.

Note that this tapering off of automobile prices has been dictated by consumer preference and not by factory desires or by either the availability of credit or the lack of credit.

It should also be kept in mind that this constantly rising level of automobile prices over the past 10 years is based on the *cash price* at the factory, long before the possible effects of "inflationary" consumer credit. We are told by the factory people that these higher prices have been forced on them by higher wage levels and higher cost of materials, principally steel which in turn was higher priced because of higher wage levels in the steel industry. Where does consumer credit fit in this inflationary spiral?

Let us examine automobile credit in relation to the number of automobiles put into use and the price level of these automobiles. We have seen that average wholesale prices have increased approximately 50% from $1,270 to $1,920. It is difficult to determine the average amount of *financing per car* because of the changing trends of cash buying versus credit buying, and the lack of complete statistics on the average credit extended per car financed. However, if we relate the total number of new private passenger cars sold to the total amount of auto credit extended in any given year, we get some interesting comparisons. This figure will represent the amount of credit needed to finance all of the private passenger cars which are not bought for cash, *plus* the amount of credit used to finance the sale of the trade-ins and other related activity in the used car market.

Back in 1952 this figure was $2,829 of total auto credit extended for every *new* private passenger car registered. This figure dropped the following year to $2,262 and further dropped to $2,133 in 1954. There has since been a continuous yearly increase up through 1958 which at $3,079 was the first year to exceed the 1952 figure of $2,829. 1959 showed a tapering off to $3,003 reflecting the increased sale of both foreign and domestic economy cars. This trend of fewer dollars of automobile credit extended in relation to new cars sold may well continue into 1960. Again, there is very little in these figures to support the easy assumption that consumer credit is the villain responsible for all inflationary developments.

Actually the figures on auto credit extended in the past two or three years would be somewhat lower if credit charges and insurance costs, both of which are included in total credit figures, had remained at the somewhat lower levels which prevailed in earlier years. Higher credit costs and insurance rates are *deflationary factors*, but they make up part of the total of automobile credit extended and outstanding, and these are the figures which the control advocates insist on using.

Harm Caused by Factory-Owned Finance Company Competition

There is one aspect of automobile credit which is of increasing concern to the industry. This is the deterioration of credit *quality* which has been brought on by competition. A very significant factor in this competition is the factory-owned finance company. Rates, terms, and other factors being approximately *equal*, the dealer all too often chooses the factory finance subsidiary in preference to all other competitors. This decision is influenced by the not too subtle relationship with the factory itself—such things as a desirable flow of auto inventory to the dealer, and when the chips are down, the power of economic life or death for the dealer by unilateral cancellation of the franchise. Finance companies, bank, and other credit sources have nothing to offer in improving relationships with the factory. They must offset this disadvantage by providing better service and by *making concessions on borderline credits*. This is having a noticeable effect on the frequency of repossessions and the average loss per repossession.

In our own case, this average loss has increased all out of proportion to the rising price level of new and used automobiles. In 1950 our average loss per repossession was $121. This has increased to an average repossession loss of $359 for the year 1959.

This deterioration of credit *quality* is not something that can be effectively controlled by government regulations on down payments and maturities. It is related to credit factors such as paying habits, stability of employment and residence, and other personal characteristics not susceptible to arbitrary control. Our industry is well able to police these matters without government assistance, provided there is a healthy climate of competitive conditions without the elements of

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STATE OF TRADE AND INDUSTRY

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800 pounds less steel than the medium-sized cars.

It is also significant that the new automotive orders were placed without lengthening the delivery time on the new orders. But except for an occasional rush, there is no pressure for delivery in less than four to six weeks from the automakers.

There is little hope for any early buildup in inventories. Some companies which had cut to the minimum number of days of inventory now are cutting further as their own rates of production lag. And steelmakers anxious for orders are doing little to discourage rock-bottom inventory policies. They will make prompt delivery for most products and are competing for sales on a delivery basis.

A few mills, however, are cautioning against letting inventories get too low on products that have a long lead time. They warn any upturn in business could result in shortages of these products.

"The Iron Age" makes these additional comments on the state of the steel market:

In reporting market information, the closer the source is to the customer, the more likely he is to be pessimistic. Executives take the long-term view while salesmen in direct contact with the customers are extremely pessimistic about the outlook for new business.

Products which had been considered the strongest have shown sudden signs of weakening. Galvanized has weakened in the Midwest while tinplate inventories are piling up at the mills as releases are coming in slower than expected.

There is little indication of a pickup in already-depressed products, while the indications are that sheets will inevitably fall off.

Mills are ranging far from their own geographic area for orders, absorbing freight to distant places to get orders.

Odds Still Favor a Record Steel Output This Year

Odds still favor a record steel output this year, "Steel" the metalworking weekly, said on May 9.

Business may not be booming, but it's good enough to warrant record production of 118 million ingot tons this year. The record: 117 million tons in 1955.

"Steel" expects steelmakers to produce 62 million tons in the first half and 56 million in the second.

At annual meetings, industry leaders attributed the current weakness in steel demand to consumer inventory policies. Since the first of the year, users have boosted their stocks from 13.5 million tons to 18 million. Most observers had counted on a buildup to 22 million or even 24 million tons.

Though the ingot rate tumbled almost 20 points in the last ten weeks, steel production is ahead of 1959's record first half pace. Output through April: 44.6 million ingot tons (vs. 41.8 million in the corresponding period last year).

"Steel" said to look for steelmaking operations to average about 73.5% of capacity this month and 69% of capacity in June.

The ingot rate could go even lower, but the odds are against it. Reason: May shipments will be about 6.8 million tons—equal to or slightly less than consumption. A drop to an average of 69% in June would put shipments nearly 1 million tons below consumption, meaning that users will dip into inventories. Stocks are not big enough to permit liquidation at that rate for too long.

Last week, steelmaking operations skidded 2.8 points to 74.8% of capacity. Production was about 2,132,000 ingot tons. If operations held at the current level through June, first half output would be nearly as high as last year's (63 million vs. 64.3 million), but the decline is sure to continue.

The Texas market continues to be overrun with foreign steel, the magazine reported. While its tonnage figures are not yet available for April, the total may be almost as high as that in March when 83,000 tons were imported. Much of the March-April tonnage was ordered before settlement of last year's steel strike.

In the scrap market, substantial mill buying is lacking, with steelmaking operations falling. "Steel's" composite on the bellwether grade of steelmaking scrap, prime heavy melting, fell 34 cents a ton to $33.33, the first decline in five weeks.

"Business is good but not as high as we expected," eight out of ten metalworking executives in the lower Great Lakes states told "Steel" editors last week on an air safari to check the business pulse of the nation. The other two are not too pessimistic, but they don't see much of an upturn until later this year.

There is a closer split between optimism and uncertainty about the second quarter in this area than in the Eastern states checked previously where metalworking sales are holding well to first quarter levels.

This Week's Steel Output Based On 73.8% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *130.9% of steel capacity for the week, beginning May 9, equivalent to 2,102,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *133% and 2,137,000 tons in the week beginning May 2.

Actual output for last week beginning May 2, 1960 was equal to 75% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity is 73.8%.

A month ago the operating rate (based on 1947-49 weekly production) was *138.5% and production 2,225,000 tons. A year ago the actual weekly production was placed at 2,631,000 tons, or *163.8%.

*Index of production is based on average weekly production for 1947-49.

Near-Record Car Output Expected in May

The auto industry's plan to produce a near-record 613,000 passenger cars in May got off to a running start this week as output climbed to the second highest weekly total in a month, "Ward's Automotive Reports" said.

"Ward's estimated the turnout for week ended May 7 at 142,874 cars, 5% more than last week and the second highest volume since the week ended April 9 when production was at a 1960 low of 133,460 cars.

As of May 6 no revisions in plant production schedules were apparent.

The low-level of 135,515 units in week ended April 30 was the result of two separate strikes, both of which have been settled.

Two Falcon plants and a Comet assembly line were back in full production after being idled most of last week by strike-caused parts shortages. In Detroit, Cadillac Division of General Motors also went back into action after a shortage of bodies resulting from a strike at the Fisher Body Fleetwood plant forced an almost complete halt to production last week.

"Ward's" said the only auto plants planning to work Saturday, May 7, were Ford Motor Co.'s Falcon and Comet facilities, Chevrolet at Flint, Mich., and American Motors at Kenosha, Wis. With the exception of Imperial at Detroit, Chevrolet at Kansas City (still idled by a strike) and Ford at Norflok, Va., which were closed the entire week by production cutbacks, most plants operated on a five-day basis, and a few were down to three and four days.

"Ward's" noted that cumulative auto production for the first four months of this year increased 19% to 2,585,138 units from 2,179,205 in the same period a year ago.

Electric Output 3.8% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 7, was estimated at 13,139,000,000 kwh., according to the Edison Electric Institute. Output was 161,000,000 kwh. below that of the previous week's total of 13,300,000,000 kwh. but showed a gain of 480,000,000 kwh., or 3.8% above that of the comparable 1959 week.

Freight Car Loadings for Week Ended Apr. 30 Decreased 4.9% Below Same 1959 Week

Loading of revenue freight for the week ended April 30, 1960, totaled 643,271 cars, the Association of American Railroads announced. This was a decrease of 32,923 cars or 4.9% below the corresponding week in 1959 but an increase of 110,066 cars or 20.6% above the corresponding week in 1958.

Loadings in the week of April 30 were 17,897 cars or 2.9% above the preceding week.

There were 10,346 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended April 23, 1960 (which were included in that week's over-all total). This was an increase of 2,414 cars or 30.4% above the corresponding week of 1959 and 5,793 cars or 127.2% above the 1958 week. Cumulative loadings for the first 16 weeks of 1960 totaled 165,943 for an increase of 48,940 cars or 41.8% above the corresponding period of 1959, and 92,992 cars or 127.5% above the corresponding period in 1958. There were 52 class I U. S. railroad systems originating this type traffic in the current week compared with 47 one year ago and 40 in the corresponding week of 1958.

Lumber Shipments Down 8.7% From 1959 Week

Lumber shipments of 457 mills reporting to the National Lumber Trade Barometer were 2.1% above production during the week ended April 30, 1960. In the same week new orders of these mills were 3.4% below production. Unfilled orders of reporting mills amounted to 35% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 5.4% below production; new orders were 7.1% below production.

Compared with the previous week ended April 23, 1960, production of reporting mills was 0.6% below; shipments were 4.3% above; new orders were 0.2% below. Compared with the corresponding week in 1959, production of reporting mills was 2.1% below; *shipment were 8.7% below;* and new orders were 16.7% below.

Wholesale Commodity Price Index Up Fractionally in Latest Week

There was a fractional rise in the general commodity price level in the latest week, reflecting higher prices on some grains, flour, lard, hogs, hides, and rubber. These gains offset declines in steers, and steel scrap. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 275.15 (1930-32=100) on May 9 compared with 274.82 a week earlier, and 275.89 on the corresponding date a year ago.

Despite limited activity in rye flour sales, over-all trading in rye moved up during the week and prices finished slightly higher. Wheat prices remained close to a week earlier, reflecting sluggish trade which resulted from reports on excellent growing conditions; wheat stocks were ample for trading.

A fractional rise in oats prices occurred during the week as trading expanded somewhat. Volume in corn slackened towards the end of the week and prices finished slightly lower than a week earlier. Prices on soybeans were steady and transactions were close to the preceding period.

While domestic buying of flour was sluggish during the week, export purchases moved up somewhat, with moderate sales made to Indonesia, Latin America, and Japan; flour prices were up fractionally from a week earlier.

Both domestic and export buying of rice picked up and prices matched those of the preceding week. Negotiations were pending for sizable sales of rice to India and Venezuela. Rice stocks in some markets were limited.

Sugar trading lagged during the week and prices were unchanged from the preceding period. Although volume picked up at the end of the week, coffee prices remained close to a week earlier. There was a fractional increase in cocoa prices, reflecting a slight rise in volume.

A slight increase occurred in hog prices at the end of the week, despite little change in transactions; hog supplies in Chicago were down somewhat from the prior week. Interest in steers slackened from the prior week and prices finished fractionally lower. Lamb prices were unchanged as trading remained close to a week earlier.

Prices on the New York Cotton Exchange moved within a narrow range and finished the week close to the prior period. Prices were sustained by price fixing and short covering.

Wholesale Food Price Index Up Slightly From Preceding Week

There was a slight rise this week in the wholesale food price index, compiled by Dun & Bradstreet, Inc., but it was down moderately from a year ago. On May 3 it stood at $5.97, up 0.5% from the prior week's $5.94, but 2.6% below the $6.13 of the corresponding date a year ago.

Higher in wholesale price this week were flour, rye, oats, barley, lard, butter, cottonseed oil, cocoa, potatoes, and steers. On the down side were wheat, corn, hams, sugar, eggs and hogs.

The Dun & Bradstreet, Inc., wholesale food price index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Business Failures Rise to 327 in Week Ended May 5

Commercial and industrial failures edged up to 327 in the week ended May 5 from 325 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were considerably higher than a year ago when 265 occurred, or in 1958 when there were 279. Also, 16% more businesses failed than the prewar toll of 281 in the comparable week of 1939.

Casualties with liabilities of $5,000 or more rose to 294 from 286 in the previous week and 237 last year. However, there was a dip in small failures, those involving liabilities under $5,000, to 33 from 39 a week ago but they remained slightly above the 28 of this size in 1959. Liabilities exceeded $100,000 for 28 of the failing concerns as against 38 in the preceding week.

Construction failures climbed to 69 from 46 a week earlier, while the toll among manufacturers edged to 56 from 51. In trade and service groups, on the other hand, declines prevailed during the week. Retail casualties fell to 144 from 159, wholesaling to 31 from 40, and commercial service to 27 from 29. Despite these week-to-week dips, all lines suffered heavier mortality than a year ago. The most noticeable upturns from the 1959 levels occurred in construction and service businesses.

Consumer Buying Slips From Prior Week

Despite numerous post-Easter and Mother's Day sales promotions, consumer buying slipped from the prior week, due to cold and rainy weather in some areas. However, over-all retail trade was up moderately from a year ago. Best-sellers were apparel, linens, furniture, and some appliances. Scattered reports indicate that sales of new passenger cars were sustained at high levels and were up appreciably from a year ago.

The total dollar volume of retail trade in the week ended May 4 was 4 to 8% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic +10 to +14; East North Central +6 to +10; Mountain +3 to +7; West North Central and South Atlantic +2 to +6; New England, East South Central, West South Central, and Pacific Coast 0 to +4.

Although Mother's Day shopping was slow in getting started, year-to-year gains were chalked up in sales of women's sportswear, fashion accessories, Spring dresses, jewelry, and lingerie; interest in beachwear, coats, and suits lagged. Promotions helped volume in men's apparel rise appreciably over a year ago, especially Spring suits, slacks, and dress shirts. Purchases of children's clothing were up moderately over the similar 1959 week.

Over-all sales of household goods showed slight year-to-year gains. Furniture stores reported moderate increases in lawn tables, occasional chairs, and bedroom sets. Shoppers stepped up their purchases of air conditioners, laundry equipment, and lamps during the week, and appreciable increases over last year prevailed. Traditional "May White Sales" attracted considerable interest, and volume in linens was up sharply from a week earlier and slightly higher than a year ago.

There was slight dip in food sales from the prior week, with declines in canned goods, frozen foods, dairy products, and fresh meat.

Volume in women's Summer apparel was sustained at a high level at wholesale this week; retailers were most interested in replenishing their stocks of sportswear, beachwear, and cotton dresses. There was a rise in last-minute fill-in orders for merchandise suitable for Mother's Day gifts, especially jewelry, housecoats, and lingerie. Orders for men's Fall apparel at openings in the mid-West and West matched those of a year ago and initial orders for children's back-to-school clothing were up somewhat from last year. Both attendance and orders at the Popular Price Shoe Show of America in New York City matched the year ago record levels.

Nationwide Department Store Sales Up 8% for April 30 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's in-

dex for the week ended April 30, 1960, increased 8% above the like period last year. In the preceding week, for April 23 an increase of 4% was reported. For the four weeks ended April 30 a 12% increase was registered over the same period in 1959 while the Jan. 1 to April 30 period showed a 3% increase.

According to the Federal Reserve System department store sales in New York City for the week ended April 30 increased 17% over the like period last year. In the preceding week ended April 23 sales increased 9% over the like period last year. For the four weeks ending April 30 a 16% increase was reported over the 1959 period, and from Jan. 1 to April 30 showed a 6% increase over 1959.

Study of Regulatory Agencies Urges Modifications in Eight Areas

Eight improvements in our regulatory practices are urged by N. Y. Chamber of Commerce. Stress is placed on better selection and fixing of responsibility of personnel instead of 'judicializing' commissions. Recognition of competition's effectiveness, realistic costs and need for more prompt information for investors are also recommended.

A basic reappraisal of concepts underlying government regulation of utilities, and of the organization and procedures of regulatory agencies, was called for in a 12,500-word report concluding a two-year study by two committees of the New York Chamber of Commerce.

In the report, recently released, the Chamber's committees on public service and on industry, trade, and transportation recommended far-reaching "modifications" in eight areas of regulatory practice. They also expressed regret over recent "apparent lapses" in conduct by regulatory officials, but suggested that "the cure for such indiscretions" lies in better selection of officials, rather than in legislation.

Specifically, the committees warned against "the enactment of drastic legislation which would unduly 'judicialize' commissions or preclude proper informal contacts between the regulators and the regulated."

Such contact, they went on, "can contribute greatly to the understanding by each of the problems of the other, to the avoidance of unnecessary delays, and thus to the public interest in wise and effective regulation."

The committees stated: "The basic concept of our system whereby public service industries are subject to regulatory control is a sound one. Nevertheless, much of the regulatory philosophy now being applied evolved in an economic climate markedly different from that which exists today, or which can be expected to prevail in the future."

Modifications called for by the committees include:

(1) Rate-making and other decisions based on long-run considerations rather than on "the exigencies of the moment."

"Too often, in their judgment, regulators tend to sacrifice long-run benefits for the sake of the short-term advantage to the consumer of a lower rate level, or other short gain," they said.

(2) Recognition of the effect on regulated industries of discretionary or optional spending.

"The pricing of utility service is more and more subject to competitive control," the committees held, "and, less and less, needs price control as a monopoly product."

(3) Consideration in determining utilities' earning levels, not only of the need to attract capital, but also of "the concept that profit plays an affirmative role in contributing to a grade of business performance that is beneficial to the society."

(4) Recognition of "the impact of permanent changes in the price level" on regulated industries.

"Despite the overwhelming evidence of economists that it is unlikely that there will be any substantial return to price levels prevailing prior to or immediately after World War II, many regulatory commissions have refused to modify the original cost concept. Because depreciation allowances are computed on the basis of original cost dollars, the amounts being set aside will not provide adequate capital to replace property.

"The effect of this is a continuous expropriation of the investor's dollar," the committees said.

(5) More aggressive action by regulators "to correct such conditions as restrictive or outmoded statutes, failure on the part of legislative bodies to establish clear cut policies, administrative difficulty in prompt processing of cases, and excessive zeal for precision of measurement."

"Too often regulators take refuge in the plea that such situations are beyond the scope of their responsibilities," the committees noted. But, they asked: "Who is better qualified to promote needed changes?"

(6) Increased effort by regulators "to reach decisions with reasonable promptness."

"In some branches of regulated industry literally thousands of investors throughout the country today are unable to appraise the soundness of their investments, because, due to excessive delays, they don't even know how much money their companies made or lost during the past four or five years," the committees maintained.

(7) Elimination of staff influence in decision-making.

"We urgently need regulatory commissions who are capable of making and willing to make their own judgments," the committees declared. They deplored the fact that "the same staff group which may organize and present a case against a utility's request will also advise the Commission in its decision and assist in writing the opinion."

(8) More care in the selection of members of regulatory bodies. Improvement of caliber of commission members would not only help avert cases of misconduct, but would also help attract and keep more able staff people, the committees held. They urged consideration of heading agencies with "one boss rather than with some amorphous thing called the Commission."

The study, which began in 1958, was conducted by the Chamber's committee on public service, Leslie T. Fournier, Vice-President of the Panhandle Western Pipe Line Co., Chairman, and by the committee on industry, trade and transportation, Lester A. Crone, President of the Buffalo Brake Beam Co., Chairman.

It will be sent to members of all Federal regulatory agencies, members of Congress, and to state regulatory bodies throughout the nation.

Grimm V.P. of Govt. Dev. Bank

Richard W. Grimm has been named Vice-President of the Government Development Bank for Puerto Rico, Dr. Rafael Pico, President, has announced. He will be located in the New York office in charge of the public relations program. Mr. Grimm has been associated with the portfolio management of Keystone Custodian Funds, Inc. of Boston for the past several years. Prior to that time, he was associated with N. Y. Hanseatic Corp. of Boston and formerly was a registered representative in the Boston office of Brown Bros. Harriman & Co. He was a 1st Lieutenant, U. S. Army, Signal Corps in the Korean War and a 1st Lieutenant, U. S. Marine Corps in World War II.

Richard W. Grimm

D. G. Mandel With H. A. Riecke Co.

PHILADELPHIA, Pa.—H. A. Riecke & Co., Inc., 1433 Walnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Daniel G. Mandel is now associated with them as Manager of their listed department.

Mr. Mandel, formerly associated with the Philadelphia office of Reynolds & Co., has been active in the investment securities business since 1946.

Dixon Co. to Admit

Dixon & Company of Philadelphia, members of the New York Stock Exchange, will admit John G. Carhart, a member of the Exchange, to partnership May 10th. Mr. Carhart will make his headquarters at the firm's New York office, 20 Broad Street.

Joins Morgan Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Doyle D. Miller has joined the staff of Morgan & Co., 634 South Spring Street, members of the Pacific Coast Stock Exchange. He was formerly in the trading department of Oscar F. Kraft & Co.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Not since just after World War I when a Major Yardley wrote a magazine story and exposed that we had been operating a black chamber of espionage has there been so much excitement in Washington as the shooting down by the Russians of an American plane, now admitted to have been on a spy mission.

The attitude of the Administration is that we got caught and there should be a full admission of it. The public is thirsty for details. On Monday, Secretary of State Herter and CIA Director Allan Dulles went before a selected group on Capitol Hill. The group was held to about 20 men. It was said that at that meeting Herter and Dulles explained that we were in a grim game and that this was not the first time we had flown over Russia. There was some doubt as to how the plane was brought down.

If the Russians had brought it down the way they said they had, there would not have been enough of the plane or the pilot left to tell the tale. Instead, the pilot parachuted safely to the ground still in possession of his equipment, his pistol and the film he had taken. The Russians have been displaying those films.

Instead of the Russians having a rocket which can go to unusual heights as they claim, officials here believe that it was a case of the pilot having ordinary engine trouble and simply bailing out.

At any rate, the United States Government by admitting that he was a spy seems to have thrown him to the wolves.

Senator Styles Bridges, of New Hampshire, says there is no doubt that the Russians have flown reconnaisance flights over our country. It is hard to see why the Russians would go to that trouble. Every military installation in the United States is widely known. There is no secret about it at all. Last week about 1500 government employees went off to a cave in the mountains about 100 miles from Washington to go through a Civil Defense drill. They had to live in the installation for three days. The purpose was to see how people live and work together cramped together. Asked if they didn't think the whole performance was ridiculous, the Civil Defense officials replied that it was no more ridiculous than the various war games which the military has and they may be right.

The feeling on Capitol Hill is that we were perfectly justified in sending the plane over Russia. Some Senators and Congressmen are questioning the timing, just before the celebrated Summit Conference which is to begin next Monday in Paris.

Some Senators in prominent committee positions are also incensed because they were not invited to the Herter-Dulles briefing. Senator Capehart, of Indiana, aired his displeasure on the Senate floor. He is a member of the Senate Foreign Relations Committee and feels that he should know something about what is going on. Another member of the committee, Senator Lausche, of Ohio, heard there was a meeting being held and showed up but was not permitted to enter the room. He took the incident in stride, however, explaining that he felt he would be advised of what went on in due time.

That the pilot made no effort to destroy his film comes in for considerable discussion, also the fact that he made no attempt to use his suicide kit. In the highly specialized business of spying, some strange things happen. The pilot was a civilian, presumably working for the CIA.

The CIA is this country's first attempt to go in for organized and world wide spying. It is a highly hush hush agency. Its appropriation requests are not itemized. It is just given a lump sum and its mission is to roam the world, and conduct its operations in the best interests of the United States. It's our first time in such operations and when we get caught we should not throw up our hands in holy horror and exclaim it can't be true. The Russians are past masters in the art of spying and we are quite inexperienced at it so far.

First Republic Branch

WASHINGTON, D. C.—The First Republic Corporation has opened a branch office at 2941 Brandywine Street, N. W., under the management of Grace W. Lambert.

Free Market and Free Press

By George Koether,* *Staff Writer, Public Relations Department, U. S. Steel Corp., New York City*

Writer depicts the interdependence of a free press and a free market, and decries the growing jeopardization of these free institutions. Mr. Koether makes the reminder as to how lately our liberty was won, how new are our freedoms and how rapidly they are being reduced. He singles out as one of the responsible causes the extension of government secrecy over news and intervention in the market place, and avers that this is a more insidious enemy than Communism as "almost everyone can see the dangers of Communism . . . but the evils of interventionism lie behind a deceptive facade."

Our discussion is concerned with the Free Market and the Free Press. All of us can agree, I believe, on what we mean when we speak of the *free press.* We mean far more than the giant presses themselves or the buildings which house them. We mean more than the men and women who gather, edit and publish our news. By free press we mean—in addition to all of the people and property required—*a freedom of action* for those people, and a freedom in the ownership and use of their property. Freedom of action for reporters implies freedom of information and freedom from censorship. Freedom in the use of property means freedom for men to accumulate capital and invest it in printing plants. If the press is to remain free, these property rights must be protected. There *can* be *no* free press in a nation where only the government can own the printing machinery. There *can* be *no* free press without free presses. We can readily understand the importance of these rights of private property when we think of them in connection with the freedom of the press.

George Koether

Defines Free Market

I am not so sure, however, that we all understand the importance of property rights in the *free market,* or the importance of the free market in relation to the freedom of our press. By "market" we do not mean the stock or commodity exchanges, nor do we mean the shopping centers of retail and wholesale trade. By "market" we mean the *process* by which millions of American people freely exchange their products and services for the products and services of their fellow men. In the United States, with almost 200 years of relatively-unfettered personal liberty behind us, we would not call a "press" worthy of the name if it were not a *free* press. Likewise, a "market" cannot truly be called a market unless it operates by the free choices of its consumers and producers. If it is not free, it is no longer a market. It is a state-controlled system.

Perhaps some may feel I have stretched this parallel too far. At first, there may seem to be little logic in valuing equally the right of a crusading editor to expose official corruption and the right of a man to package pickles or pills and sell them at a price he is willing to accept and a buyer is willing to pay. Yet—as I hope to demonstrate — I am *convinced* that *all* "freedoms" are integral, that freedom, in fact, is indivisible—and that a nation which loses the freedom of its market will soon lose the freedom of its press and, finally, the freedom of its people.

Recalls Newness of Freedoms

We forget, all too easily, that freedom is an exceptional condition in the history of man. To appreciate how recently our freedom was really won, consider civilization as telescoped into a span of only half a century, with 50 years representing all the elapsed time between a point halfway through the paleolithic age (500,000 B. C.) and the present. On the basis of this compressed calendar of 50 years man would have spent something like 49 years in nomadic wanderings, before he learned to settle down in villages. He would have developed writing about six months ago. His Grecian civilization would have existed three months ago. Christianity would have arrived two months ago. The printing press would be about two weeks old. And a little more than a week ago, men would have had their ears sliced off, their noses split, and their eviscerated entrails burned before their very eyes — prior, of course, to being beheaded — as a penalty for printing words displeasing to His Majesty, the King of England and his Ministers. And The Constitution of the United States would have been adopted only three days ago!

Perhaps we forget how lately our liberty was won, how brief a time we have really possessed it, and how rapidly it is being taken from us.

Jeopardizing Factors

How free is our press today? According to some of our ablest journalists and publishers the freedom of the press is in great and growing jeopardy. . . .

In an article on freedom of the press in the February first issue of *Vital Speeches,* Clark Mollenhoff, distinguished Washington reporter, says that "Government secrecy represents our major reason for concern today." The 1959 Sigma Delta Chi report on Freedom of Information concurs in that view by saying that "Federal officials, from the President on down have resorted more and more frequently to the vague claim of 'executive privilege' to withhold information from the public, the press and the Congress." The exercise of this executive privilege, has established a principle and a precedent under which a broad and dangerous black-out of all information could be put into effect.

Under this principle, any administration could withhold from the public essential facts on the spending of billions of dollars for such things as foreign aid. It may hide imprudence, mismanagement or fraud and in some cases material that has resulted in later indictments. At some time in the future, it is possible that another administration might keep secret information vital to the national security and the public safety.

Undoubtedly, all journalism students have read Mr. Mollenhoff's well - documented, and somewhat frightening account of Washington's violation of the people's right to know. No doubt they have also read the excellent report of the Sigma Delta Chi committee on Freedom of Information. I only wish that every American would read and study both of these documents. In fact, I do not know why more of our newspapers do not publish both of these reports as a service not only to the freedom of the press but, more importantly, to the freedom of the American people.

All of us recognize the necessity for government and the role of government power in behalf of citizens in a free society. The sovereign people assign to their government the monopoly of coercion, so that their government can protect them against force or fraud.

This police power is not an intervention into the market. Today, however, our government intervenes pervasively into the private lives—the market rights—of the people.

Increasing secrecy on the part of the government is only a result that might be expected from the growing power of government to intervene into the private lives of the people—into their right to produce and consume, to earn and to save, to invest and exchange—into their marketplace.

Intervention into the marketplace—as I define it—is *infringement upon the freedom of consumers with the excuse of protecting the welfare of producers—or vice versa—with results, in the long run, harmful to both.*

Interventionism, like tyranny, has a long, long history. Perhaps the oldest—and still one of the best-known — interventionists — was Joseph.

Government Intervention in Market Place

According to the Bible, Joseph created the first government-managed farm plan. It came to him in a dream. He sold his idea to Pharaoh, and Pharaoh made him "ruler over the land of Egypt." Today, in the United States, we have a much more complex version of Joseph's farm plan, and many people think it, too, is a dream—impossible of fulfillment. Today's farm price support program is our best-known example of government intervention into the market process. It piles up surpluses, raises the price of food to the housewife, increases the tax load upon taxpayers, and wastes land resources. At least, that is the judgment of Professor William Peterson, whose recent book, *The Great Farm Problem,* says: "The farmer is no longer a free agent. Neither is the consumer. . . . The farmer and the consumer, and, in a sense the politician are all victims of intervention."

If the government claims the right to regulate the supply of cotton, corn and wheat, why should we be surprised when it claims the right to control the supply of information?

If the government thinks itself competent to determine such a sensitive economic factor as a minimum wage rate, why should we be surprised if it considers itself competent to decide what is too "sensitive" for the people to know?

Government and Gold

If the government could call in the people's gold and replace it with paper money and then continue to withhold that gold to which the people were entitled—why, then, can it not also withhold information to which the people are entitled?

What it all boils down to is this: "he who pays the piper calls the tune." The Supreme Court made it all very legal 18 years ago when it ruled that the government could dictate how much wheat a farmer could grow. The Court said: "It is hardly lack of due process for the government to regulate that which is subsidizes." By the same logic, perhaps, the government feels entitled to censor that which it regulates. And it continues to "regulate" more and more of our economy.

Today, so much of our economy is regulated that some authorities feel it is a delusion to say we are living in a completely "free enterprise" system. As economist F. A. Hayek says, "the world of today is just interventionist chaos."

A Greater Insidious Enemy

In one sense, interventionism is a far more insidious enemy of freedom than is Communism. Everyone — or, perhaps I should say almost everyone—can see the dangers of Communism. They have been devastatingly demonstrated. But the evils of interventionism lie hidden behind a deceptive facade of seemingly benevolent social policy.

The basic idea of most interventionism is to improve the welfare of society by taxing the rich and distributing the proceeds. But, as our growing surpluses of farm products indicate, intervention into the market defeats its own purpose and ends in costly failure. The costs rise so high that there are not enough rich men to foot the bill. So everyone finds his taxes increased. With each intervention into the market new problems are created and new taxes needed. Then more intervention is attempted to cure the problems created by the previous intervention. Thus the problems grow still more complex and costly, and seem to require even *more* intervention. The process — if continued long enough—leads inevitably to full socialism.

This creeping interventionism, if stretched out over a period of years, can deceive many people who do not realize they are headed into full socialism until they are past the point of no return. Then it's too late. Recently, however, from Cuba we have heard a telescoped version of the interventionist process. A radio report quoted Dr. Castro's finance minister as saying: "We are not communists, we merely reserve the right to intervene into any business up to 100%!" Recent news from Cuba indicates that the Castro regime is fast approaching the 100% point.

Quite often the announced purpose of government intervention is to "help save free enterprise." But the intervention is more likely to stifle free enterprise. In food it produces a permanent surplus and higher prices. In money "management" usually produces inflation. In labor it condones violence. The effect upon government itself is the growth of "executive secrecy" — and a swelling bureaucracy. Today there are more Americans engaged by government than there are growing the nation's food. Since 1900, the number of workers in private jobs has increased 100%. In the same period, the number of workers in government jobs has increased 650%. The Federal Government is operating some 20,000 commercial businesses in competition wtih private enterprise.

As long as the government is knee-deep in the people's freedom of markets, it will be knee-deep in the people's freedom of information. And as it extends control in those markets, it will also tend to want to extend control over that information—and that control will increasingly be directed to covering up the government's mistakes or hiding its reach for more power.

In the words of the Chinese essayist, Lin Yutang, "It is not always realized that there is always a conflict between public opinion and authority, inevitable in whatever country and age . . . if the government wins, the people must lose, and if the government loses, the people must win." Printing began in China, and so, quite probably, did censorship. Confucius defined the "executive secrecy" of his day as follows: *"The people may be allowed to act, but may not be allowed to know."*

Confucius' idea was taken up in earnest by the Emperor Shih Huang Ti. He applied what may have been history's first brain washing. He tried to wipe out the past by burning all the records of his predecessors. Next, he censored the present by burying alive 400 scholars of history (the reporters of their day) — and then announced himself as China's "first" Emperor.

A modern version of wiping out the past—or, at least, trying to conceal it—was the State Department's admission, less than two years ago, that it was suppressing 37 volumes dealing with foreign relations since 1939. It might appear that the American people like the Chinese of Confucius' day, "may not be allowed to know."

Government secrecy has become so widespread—at the state and local, as well as the federal level — that the press, as you know, has had to keep up a running battle with bureaucratic suppression of news. "Right to know" laws have been passed in 37 states, requiring state officials to keep open books—or open meetings, or both.

*From a talk by Mr. Koether before the School of Journalism, University of Michigan, Ann Arbor, Mich.

Renneisen V.-P. Of G. E. Parks

Irwin C. Renneisen has been elected Vice-President and director of G. Everett Parks & Co., Inc., 52 Broadway, New York City.

Joins Livingston, Williams

(Special to The Financial Chronicle)

CLEVELAND, Ohio — James E. Rettew is now connected with Livingston, Williams & Co., Inc., Hanna Building.

Past Month Reveals Slight Gains In Production and New Orders

Continuation of good—but not booming—business is seen in the immediate months ahead in the latest survey of purchasing agents. Wariness, however, is expressed about the employment hiring rate and the desire to rebuild inventories which were found to have been rebuilt much faster than anyone anticipated.

Business is generally good, but it is less good than the overly optimistic estimates made at the first of the year. Inventories have been replenished, all items are available in plentiful supply and, in many fields, price competition has been much more intense than was expected. In short, business has not shown the buoyancy that was expected, but it is continuing on a relatively satisfactory plateau.

In examining the statistics for this month, the Business Survey Committee of the National Association of Purchasing Agents, find that both production and new orders have improved slightly in the last 30 days. In telling of production, 26% of the members say their company's output has increased, 56% report no change and 18% state there has been a decrease. The NAPA Survey Committee is headed by Chester F. Ogden, Vice-President of the Detroit Edison Company, Detroit, Mich.

Looking at the all-important new order position, 32% have booked more business this month than last, 48% the same amount, and 20% less.

Employment looms as a dark cloud on the horizon; for, again this month, more of our members report a reduction in the size of their work force than those who tell of adding employees to their payrolls.

It is now quite clear that Purchasing Executives were able to rebuild year-end depleted inventories much faster than anyone anticipated. As a result, most of our members now believe their present stocks are in balance and there is no further desire to increase them.

Prices are continuing to inch upward; but, they are spotty, and many competitive buying opportunities are available.

Our members generally look for a continuation of this good—but not booming—business in the immediate months ahead; and, as a result, are following a cautious buying policy, whereby they are restricting their forward coverage to the minimum consistent with assured deliveries.

Commodity Prices

Over-all commodity prices are steady to a shade higher. This is reflected by the fact that 70% of our members report that in the past 30 days there has been no change in the prices they are paying; 26% say there have been minor increases, and 4% slight decreases. However, as is often the case, these over-all statistics do not tell the entire story. There are numerous reports of local market conditions and specific product developments that are offering real competitive buying opportunities.

Inventories

Two things are most often mentioned in the survey reports from Purchasing Executives as the major reasons for keeping inventory balances at a minimum at this time. These are: (1) availability of materials, and (2) strong competition. They see no need to build up inventories of purchased materials beyond immediate foreseeable needs. So, again, stocks of purchased materials on hand are down this month. There are 26% reporting lower inventories, and 25% reporting higher inventories. This leaves 49% indicating that their balances have remained unchanged from March.

Employment

In the period immediately preceding the steel strike in 1959, employment had climbed to a new post-Korean War high. During the last half of 1959, there was the expected drop in employment and the low point was reached in October-November. In December, 1959, and January, 1960, employment gradually picked up as everyone looked for the predicted boom. Since February, however, employment has dropped at a faster rate than can be explained by seasonal or other normal factors. Again this month, there is an increase in the number reporting fewer employees on their rolls, 26%, as compared with 22% in March. Also, 13% say employment is somewhat higher this month, as against 14% last month. Reporting no change are 61%.

Buying Policy

Although not readily apparent when looking at only two months statistics, the shortening in time-ahead for which buyers are willing to commit, continues. With very few exceptions, suppliers' inventories of buyers' requirements are more than adequate to meet their needs.

	Per Cent Reporting				
	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
April					
Production Materials	6	33	40	14	7
MRO Supplies	23	46	22	8	1
Capital Expenditures	10	6	13	21	50
March					
Production Materials	8	36	28	22	6
MRO Supplies	26	44	23	5	2
Capital Expenditures	9	8	14	23	46

Specific Commodity Changes

Again, this month, there are spotty movements, both up and down, on some commodities, as markets are affected by over-inventories of some items, and temporary shortages in others.

On the **up** side are: Kraft paper and multiwall bags, hand tools and drills, burlap, calcium chloride and chlorine.

On the **down** side are: Steel scrap and many items of electrical apparatus.

In short **supply** are: Anhydrides.

Principal Factors Involved In the Fall of U. K. Stocks

By Paul Einzig

London Stock Exchange weakness is attributed not so much to the recent mild U. K. disinflationary moves as it is to the discounting of further measures expected to be taken to check the inflation said to be incubating now. Dr. Einzig writes of the growing capital spending boom and continuing consumer demand contributing to a state of over-full employment and the anticipated unabated upward wage pace. He also refers to the unfortunate need to act on inflation by checking expansion which places any democracy at a disadvantage with the Communist world.

LONDON, Eng. — Ever since the Budget the London Stock Exchange has had a weak undertone. Industrial equities lost their entire gains since the beginning of this year and their index shows a series of new low records for 1960. From time to time there is a recovery but it has no real strength and does not last. Investors seem to have made up their mind that for the time being at any rate the boom is over.

The reason for this pessimism, which is in sharp contrast with the optimistic atmosphere that prevailed throughout 1959 and earlier this year, lies in the Government's declared disinflationary policy. Once more, as in 1957, the British economy appears to be overloaded, and once more the Government is determined to prevent inflation. On the present occasion, however, the disinflationary measures have not been decided upon as a result of any actual rising trend in the price level which in fact has remained remarkably stable for nearly two years. They have been decided upon for fear of a resumption of the rise in prices in the absence of disinflationary measures. That fear is not altogether unjustified. There are indications that, as in 1957, the trade unions have lost their heads and are ready to plunge into a wage spree. Likewise there are indications that once more employers are inclined to take the line of least resistance, and give way to unwarranted wage demands.

Not Due to Sterling Threat

This is practically the only reason why the Government feels impelled to inflict disinflationary measures on the national economy. But for the threat of inflation the British boom could be allowed to proceed unhampered. It would be possible to raise productive capacity, output and the standard of living for the benefit of all. With their usual short-sighted selfishness the trade unions endeavour to secure the entire benefit of the expanding production for their members with the result that by their attitude they deprive the community (including their own members), of the prospective benefits.

While in 1957 the threat to sterling and the resulting decline in the gold reserve was the immediate cause of the decision to embark on a credit squeeze, in 1960 sterling seems to be safe and sound and the gold reserve has been increasing. The fact that for once a postwar Government is pursuing a disinflationary policy without being compelled to do so by an acute attack on sterling has created a good impression on the Foreign Exchange market and has led to an improvement of sterling. There has been quite an appreciable influx of gold during the last two months. This fact does not prevent the Government from administering mild doses of disinflation, coupled with the warning that the dosage would be increased if necessary.

Explains Basic Reason

The actual extent of the credit squeeze would not in itself have been sufficient to produce the adverse effect on equities witnessed during the last month or so. It is the anticipation of further measures that tends to depress the Stock Exchange. Investors and dealers have no illusions about the probable attitude of the trade unions. It would take a much more severe credit squeeze, leading to an increase of unemployment, to bring them to their senses. So long as disinflation is applied in moderation, wage demands are likely to continue unabated, which means that the economy is doomed to put up with further disinflationary measures of increasing gravity.

Owing to the inevitable time lag between changes in the business situation and corresponding changes in the capital investment plans of industry the prosperity of 1958-59 is only just beginning to produce its full effect on industrial expansion. In the absense of a last-minute scaling down of plans, 1960 will witness a boom in the capital goods industry. This means that in the absence of a corresponding contraction in consumer demand the overload on the economy is likely to tend to increase. Already there is over-full employment in most industrial areas, and the scarcity of labor is likely to increase further. This will provide further temptation and opportunity for excessive wage demands, which again will call for further disinflationary measures. At present the object of the official policy is confined to preventing the development of inflationary symptoms. There is a danger that before very long its object will have to be to fight actual inflationary symptoms, which requires more drastic measures.

Disadvantage With U.S.S.R.

This state of affairs is not special to Britain. Similar conditions as this are in all industrial countries of the Free World. It means that while the countries of the Soviet bloc are in a position to go ahead with their industrial expansion unhampered, in the Free World trade union greed and selfishness makes it impossible for the authorities to allow industries to expand to the full extent of their capacity. Such an unhampered expansion would mean inflation which would react on the standard of living in the long run. So there seems nothing for it but to check the expansion even if this places the democracies at a grave disadvantage in competitive co-existence with the Communist world.

THE MARKET . . . AND YOU

BY WALLACE STREETE

An already **nervous** market during the past week turned into a nervous "plane" market, which after the rally of March 3 and 4 skidded to a net loss of 1% ($6 by the Dow Jones Industrial Average). The tightening of international tension with the heating-up of the Cold War with its inflationary implications, constitutes a typical news item which might well have been construed as bullish in a more confident market atmosphere.

What "Market"?

While it has become bromidic to refer to **selectivity** in market fluctuations, the present cross-currents are indeed remarkable. For example, in the Tuesday session, which was head-lined by a leading commentator as having "crumbled" and after a four-month 12% market decline, no less than 36 new highs for the year were registered—against 133 new lows. And in the same "crumbling" market session, of the 1,193 issues traded, 338 rose, against 626 declining and 229 closing unchanged.

* * *

Minnesota Mining, one of week's "new high" stocks, demonstrated the still persevering market effectiveness of the Split. This week's due date for the previously announced 3-for-1 slicing, coupled with the reporting of an earnings increase, stimulated this glamor chip's further climb to an all-time high of 196 (50 times the raised earnings).

* * *

Another new-high stepper, Great Western Financial, has benefited, along with other savings and loan institutions, from news of both the long- and short-term variety. Organized in California in 1955 to take over the ownership of the Great Western Savings and Loan Association, and now encompassing seven associations with combined total assets of over $660 million, it has been enjoying full participation in California's renewed real estate boom, together with increased consumer incomes resulting in larger savings. This week's market fillip to the issue resulted at least in part from Senator Paul Douglas' vigorous attack on the legislation before the Congress to increase Federal taxation on savings and loan associations, along with the mutual savings banks. His bitter onslaught on the pending legislation as a "blatant example of irresponsible pressure politics," by Mr. Douglas, who as head of the relevant Senate Banking subcommittee is in a key position, is serving to relieve the bulls on the savings and loan companies of their chief overhanging worry.

* * *

Against a background of ever-lessening investor interest in the rails (the life insurance companies turned a completely cold shoulder to carrier commons last year), a few individual issues are arousing some interest. One of these is Denver & Rio Grande, presided over by Alfred Perlman in his pre-New York Central career. Not only have this efficient carrier's gross revenues and net income during the past decade fared considerably better than the rest of the industry; but also, coupled with a modest and declining debt structure, its working capital, at $25½ million, stands at its highest level since 1952. The common shares are earning about $1.50, and pay a $1 dividend, which at its market price of 15, offers a yield of 6.6%.

An Area of Investment Value

Understandable in the present quieted investment atmosphere, are signs of a return of interest to the insurance stock area. Particularly because of recent years' destructive results underwriting-wise, along with their market's illiquidity in contrast to the pyrotechnical displays put on by the electronics and other Stock Exchange favorites, they have lain quite neglected. Now, in with the deflated market psychology, the improved underwriting results, and the market pricing reasonably capitalizing the companies' investment earnings, the fire and casualty shares are gradually stirring up long-pull buying interest.

* * *

American Insurance Company, the outgrowth of a three-way merger, at 26, can be bought for but 13 times its **investment** income of $2.03 per share. Its underwriting operations were in the black last year, with its total adjusted earnings at $2.14. With the dividend at $1.30, the issue yields 5%. A further increase in total earnings, to $3, is looked for in 1960.

In the high-quality category in the casualty field, Employers seems to offer exceptional value. Its rate of growth and underwriting profit margin have always been well above average. Yet it is selling at approximately 10 times this year's estimated investment income of $3.75 per share contrasted with its current dividend of $1.40 per share. Earnings last year were $4.20 per share so that the stock is selling at only nine times last year's earnings. If automobile experience continues to improve, it is not hard to envisage earnings of at least $5 per share compared with the current market of 38. Net worth at the year-end was $68 per share.

New Hampshire Insurance is another example of an extremely cheap insurance stock. Selling around 50 to yield 4.2%, it had investment income of $4.48 per share last year with total earnings of $6.01. The dividend is $2.10 per share with net worth $97 per share. New Hampshire has traditionally sought business in the rural areas and its underwriting is usually somewhat above average. Investment income alone this year should be in the neighborhood of $5.00 per share so that the stock is selling at only 10 times this estimated investment income alone.

[*The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.*]

The Security I Like Best

Continued from page 2

program in effect for many years and amounted to 7.2% of sales. It equalled $2.60 per share of common stock. Acme's continued emphasis on new product development made it necessary for it to erect a new building adjoining the company's main plant at Cuba, N. Y., to be used for research and as an engineering laboratory.

Acme's engineering advance was the natural outgrowth of the wealth of experience accumulated through over forty years of manufacturing transformers and other magnetic components.

Printed-circuit panel controls, incorporating transistors, provide a further control step in the regulation of Acme Electric power supplies and other equipment, within close limits not possible before. The high amplification factor of these transistorized control panels makes it possible to sense extremely small variations in power and regulate or control the power output instantly, with a high degree of accuracy. The basic principles of transistorized-magnetic component control panels are not limited to size of finished products. They are an important feature of miniature devices as well as equipment weighing thousands of pounds. Transistorized control circuitry improves the performance and adds important features to such of its products as Magnistrol Battery Chargers, Motor Speed Controls, DC Regulated Power Supplies, Automation and Control Circuits.

As a result of the company's expended program in engineering and research over the last several years, a contract has been received from Brookhaven National Laboratory amounting to several hundred thousand dollars and calling for the development and manufacture of a number of large regulated D.C. power supplies, ranging in capacity up to 600 kilowatts output, and weighing approximately 16,000 lbs. each. The units being supplied are larger than equipment produced in the past by Acme Electric, and offer opportunities in active new fields. This equipment will be part of a new giant atom smasher, known as an Alternating Gradient Synchrotron, being constructed at the Brookhaven National Laboratory to conduct further research in the field of nuclear physics. In the past, D.C. power for similar applications has been provided by rotating electrical machinery.

Operations for the balance of the fiscal year ending June 30, 1960, appear very favorable as the company's backlog of orders was reported at approximately 50¢ higher than the backlog of a year ago. The company's sales forecast indicates shipments for the last six months will be equal to or exceed the first six months' results.

In these days of 40 to 1 ratios prevalent in quotations for the stock of many electronic companies, it is most difficult for the analyst to find the issue of a 43-year-old company with established earning power selling at eleven times earnings. Acme's earnings for its fiscal year ended June 30, 1959, were $1.45 per share. For the six months ended Dec. 31, 1959, earnings were 77¢ per share compared with 59¢ per share for the same period of 1958. The common stock is selling at 16 and traded Over-the-Counter.

I recommend this company's Annual Report as necessary reading for a more thorough study of this situation.

Apy to Be Officer Of Amott Baker

On May 19th, Edward C. Apy will be elected an Assistant Vice-President of Amott, Baker & Co., Incorporated, 150 Broadway, New York City, members of tne New York Stock Exchange.

NSTA NOTES

BOND CLUB OF DENVER

The Bond Club of Denver Bowling League reports the final standing for 1959-1960 season for the teams (three men each), 81 games 108 Peterson points.

—TEAM STANDING—

	Won	Lost
Founders Mutual Depositor Corp.	65½	42½
J. A. Hogle & Co.	64	44
Bosworth, Sullivan & Co.	63½	44½
Garrett-Bromfield & Co.	59	49
Merrill Lynch, Pierce, Fenner & Smith Inc. (#2)	58	50
Mavericks (3 strays)	57	51
Currie Investment	52½	55½
Boettcher and Company	52	56
Peters, Writer & Christensen, Inc. (#2)	48½	49½
Merrill Lynch, Pierce, Fenner & Smith Inc. (#1)	48	60
Kirchner, Ormsbee & Weisner	42	66
Peters, Writer & Christensen, Inc. (#1)	38	70

HIGH TEAM GAME—Mavericks (596)

HIGH TEAM SERIES—J. A. Hogle & Co. (1,642)

INDIVIDUAL HIGH GAME—Neiswanger, *Mavericks* (266)

INDIVIDUAL HIGH SERIES—
Bromfield, *Garrett-Bromfield & Co.* (615)

INDIVIDUAL HIGH LEAGUE AVERAGE—
Mayer, *J. A. Hogle & Co.* (181)

INDIVIDUAL SECOND HIGH LEAGUE AVERAGE—
Neiswanger, *Mavericks* (179)

INDIVIDUAL THIRD HIGH LEAGUE AVERAGE—
Cowan, *Bosworth, Sullivan & Co.* (168)

Members of the 1959-1960 Committee were Jim Roberts, *Bosworth, Sullivan & Co.;* Don Langley, *Merrill Lynch, Pierce, Fenner & Smith Inc.;* Oscar Hasselgren, *Walston & Co., Inc.;* and Cully Mayer, *J. A. Hogle & Co.*

1960-1961 Committee Members are: Bill Gunderson, *Merrill Lynch, Pierce, Fenner & Smith Inc.;* Alex Forsyth, *Calvin Bullock Ltd.;* Oscar Hasselgren, *Walston & Co., Inc.;* Cully Mayer, *J. A. Hogle & Co.*

PITTSBURGH SECURITIES TRADERS ASSOCIATION

The Pittsburgh Securities Traders Association will hold their 1960 Spring Outing June 10 at the Shannopin Country Club.

Members of Committees for the Outing are Robert Wetmore, McJunkin, Paton & Co., and John C. Loos, Walston & Co., Inc., Chairmen; Samuel Teresi, Reed, Lear & Co., and Thomas J. Davies, Jr., McKelvy & Company, Le Bocci; Robert Cunningham, Singer, Deane & Scribner, and Robert G. Deakins, Reed, Lear & Co., golf; and Frederick Leech, Moore, Leonard & Lynch, and Malcolm Lambin, Jr., Thomas & Company, prizes.

Dinner will be served at 7 o'clock.

The Association anticipates one of the best outings it has had and reservations should be made early.

NATIONAL SECURITY TRADERS ASSOCIATION

Alfred F. Tisch, Fitzgerald & Company, New York City, Chairman of the National Advertising Committee of the National Security Traders Association, has announced that Russell Wardley, Fulton Reid & Co., Inc., Cleveland, is now Regional Advertising Chairman for the Cleveland Security Traders Association.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold their 38th Summer Outing on June 10 at the Overbrook Country Club, Radnor Township, Pa.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The STANY Glee Club will hold its Sixth Annual Dinner-Dance at the Belmont Plaza Hotel, New York City on May 21.

BOND CLUB OF LOUISVILLE

The Bond Club of Louisville will hold its Annual Summer Outing June 20 at the Standard Country Club.

SECURITY TRADERS ASSOCIATION OF CHICAGO

The Security Traders Association of Chicago will hold their Annual Outing at the Nordic Hills Country Club on June 25.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Utah Power & Light Company

Utah Power & Light and its subsidiaries Western Colorado Power and Telluride Power, supply electricity in sections of Utah and smaller areas of Idaho, Wyoming and Colorado. Population of the territory is about 750,000 and large cities include Salt Lake City and Ogden.

Diversified mining activity, plus farming, formed the backbone of economic activity in the state prior to World War II, but now manufacturing activities, defense plants, oil refineries and food processing plants have considerably diversified the industrial status. Discovery of oil in the Four Corners region, with some 550 producing wells already developed and substantial exploration continuing, has been an important factor in the state's economy. The company's electric revenues from the uranium and oil areas now amount to well over a million dollars a year. And as new oil wells are drilled, older wells go "on pumps" and increased use of electricity results.

In mining operations an industrial newcomer is elemental phosphorus. About seven years ago the company began serving Monsanto's two electric furnaces and last year. Central Farmers Fertilizer Company also set up a furnace, so that Utah Power & Light now obtains some $4 million a year in revenues from this source. Substantial phosphate reserves have now been found in other areas and since sulphur is also available nearby, a sulphuric acid phosphate fertilizer plant is to be constructed in the near future by two chemical companies. Food Machinery Company plans to construct a plant to manufacture 100,000 tons of coke per annum, as coke is used in the manufacture of phosphorus.

Since Utah is somewhat remote from the West Coast, it has developed into an important defense center. Hill Air Force Base now employs some 13,000 people, and the Tooele Ordnance Depot and Dugway Proving Ground some 3,300. Sperry Rand, prime contractor for the Sergeant missile, occupies some 400,000 square feet of floor space devoted to research and manufacture of electronic equipment. Thiokol, which develops solid rocket fuels and recently received contracts to make components for the Minute Man missile, has an extensive building program. Marquardt Corporation in four years has undergone rapid expansion and today employs some 1,700 people to manufacture ram-jet engines. Hercules Powder Company has spent $8 million to construct facilities for research and development of the Minute-Man missile and a solid fuel propellant. Litton Industries manufactures electronic tubes and expects to double its operations this year. Boeing Aircraft has started construction and will operate an ICBM assembly plant on Hill Air Force Base.

Steel production seems assured of long-range operations, with U.S. Steel's highly efficient plant and the ample reserves of iron ore in both southwestern Utah and central Wyoming, and of coking coal in Utah and western Colorado.

The company now serves some 200,000 acres of farm land, nearly half of which was added in the last decade, irrigated with water pumped from canals and underground sources; Salt Lake Valley and south-central Utah contain about 72,000 acres of land so irrigated. Revenues from this business now exceed $1 million a year—some five times what they were ten years ago.

In the past decade, the company's revenues increased from $20 million to almost $50 million, assets from $107 to $270 million and share earnings rose from $1.15 to $1.85. This growth is expected to be maintained and it is estimated that by 1975 capacity should be nearly three times that of 1959.

Generating capacity last year totaled 717,000 kw of which about one-quarter was hydro. The company also purchases considerable power from Idaho Power Company under long-term contracts. The next generating unit, with a capacity of 150,000 kw, is scheduled for service in the fall of 1963 (the last unit with 100,000 kw was installed in 1957). New capacity requirements up to 1963 will be obtained by buying firm power from Idaho Power, which is completing its second large hydro plant of the Hell's Canyon trio.

Utah Power & Light began taking 50,000 kw from Idaho Power last October, which will be stepped up to 100,000 kw late this year and to 200,000 kw about a year later; it will continue at that level through 1964, when it will drop to 150,000 and continue for another three years. Utah P. & L. plans to build two 500,000 kw plants in the later 1960s since it is estimated that the total load will reach 2 million kw by 1975.

The company has abundant supplies of a variety of reasonably cheap fuels in the area—oil, high grade coal, petroleum pitch (by-product of an oil refinery), an interruptible supply of natural gas, etc. Weighted average cost of all fuels last year was only 23¢ per million btu.

Utah Power & Light's construction expenditures averaged only $13 million per annum in 1958-9 but for future years are forecast approximately as follows: 1960, $17 million; 1961, $19 million; 1962, $27 million; 1963, $28 million; and 1964, $20 million. As a result of the low construction program interest during construction last year amounted to only 1¢ per share, but this year the figure will be somewhat higher. The company does not use accelerated depreciation.

The company's last rate increase was in 1952. Last year the rate of return was about 6%. If inflation continues the company may have to ask for a rate increase. The decisions in two recent rate cases afford a good precedent, Mountain Fuel Supply being allowed a 6.3% return.

Share earnings have increased steadily since 1951 with the exception of a decline of 7¢ in 1958. In 1959, however, kwh sales gained 16% over 1958 despite a 2% overall decline in Utah due to the copper and steel strikes. (Utah P. & L. does not serve the copper company and supplies only about a third of the steel companies' requirements.)

The stock has been selling recently around 35½; with a current dividend rate of $1.32, it yields 3.7%. About one-fifth of the dividend is tax-free.

Now Income Planning

TOWSON, Md.—The firm name of Maryland Diversified Investment Co., Inc., formerly of Baltimore, has been changed to Income Planning Corporation of Maryland, and offices have been transferred to 205 Medbury Road.

Are We Over-Organized?

By Roger W. Babson

The point is made that the tremendous growth of associations still leaves us, on the whole, a nation of free individuals. Moreover, the small businessman is singled out as the hope of our country and the Federal laws and agencies catering to him are praised as well as the organizations to which small and medium-sized business people belong.

The days of rugged individualism have passed. Henry Ford was noted for it. He always wanted to "go alone across lots and on foot." He had little use for committees or associations. For many years he would not join the National Automobile Manufacturers Association; he and others were in a position to go it alone, because they had some original ideas and were patient enough to work them.

I Believe in Cooperation

The story of advancing civilization, however, is a record of man's willingness to cooperate. The Trade Association Directory, prepared by the U. S. Department of Commerce, shows that there are 3,000 regional and 7,000 local associations of businessmen. With these are affiliated 12,000 trade associations, 5,000 local Chambers of Commerce, and 30,000 businessmen's luncheon clubs. It seems as if everyone is a "joiner," and many join several business groups. Yet even the above figures do not cover the many purely social, church, labor, and farm fraternal groups. As for employees' organizations, there are 200 national and about 80,000 local unions.

There has been much fun poked at the "Organization Man," meaning a lower-echelon executive in big business corporations. But practically every man and many women are members of organized voluntary groups. In our free U. S., these members retain a very large degree of independence; and, except in cartels and some labor unions, individuals are not coerced or regimented or herded. On the whole, ours is a nation of free individuals—though not as free as were our pioneer fathers.

Small Businessmen

Freedom to organize is one of our basic American freedoms. Special and new interests keep arising in our world of rapid changes; one new bristling area is that of Small Business, which since 1938 has been self-organized solely and specifically to protect the legitimate interests of independent small and medium-sized business people. The largest of these Small Business Organizations is the National Federation of Independent Business, with headquarters at Burlingame, Calif., G. Wilson Harder, President. This Federation presents its point of view to the Small Business Committees of the Senate and House. It is outstanding in its cooperation with all Senators and Representatives—and in keeping them informed of grassroots opinion on all legislation affecting small business. It has a highly respected and competent Vice-President in Washington giving full time to matters of legislative activity.

There was established by Congress in 1953 the Small Business Administration and a subsidiary, the Small Business Investment Administration. This latter has made total short-term loans of $856,403,000 to upwards of 20,000 individual independent small business firms; in addition it has advanced long-term equity capital of $3,785,000 during the past year. It is now administering over 19,000 business and disaster loans, including loans transferred from the former R. F. C. Sixty per cent of these loans were made in participation with banks. The cumulative losses through 1959 from SBA loans have been only 1.1%, a remarkable showing. I am convinced that the "little people" have financial responsibility and character.

Are We Over-Organized

Is organization "cramping the style" of individuals and reducing their initiative? Are too many of us becoming "leaners" instead of "lifters"? I believe that as long as organizations are voluntary, they will wither away when they lose their usefulness. Individuals can make their influence felt within homogeneous groups of their choosing, dealing with problems about which they have direct knowledge.

For some years—with my associate Ernest Gaunt of Orlando, Fla.—I have watched these "small businessmen and women." At least once each year I like to publicly testify to their integrity, industry, and importance. They are the hope of America.

Bosse, McCollum With Cruttenden, Podesta Co.

CHICAGO, Ill.—William K. Bosse has been appointed director of research at Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges, Robert A. Podesta, Managing Partner, has announced.


William K. Bosse

Mr. Robert Podesta also announced that Gordon H. McCollum has joined the head office staff as director of institutional sales. Mr. Bosse came to the Chicago-based investment firm in October of 1957, as senior analyst in the underwriting department. Previously, he was a senior analyst with Glore, Forgan & Co., Chicago, and research department manager for Loewi & Co., Milwaukee.

Mr. McCollum's extensive experience in the securities business includes 20 years with McMaster Hutchinson & Co., Chicago.

Lauds Fund Study

Editor, Commercial and Financial Chronicle:

In the issue of May 5th, A. Wilfred May did a splendid job in analyzing the activities of investment companies. It was an outstanding service, not merely to those folks who are directly engaged in the fund field, but to the entire investment community. I am sure that many who read the story and consulted the accompanying tables feel as I do. I simply had to express my appreciation.

JOSEPH. C. POTTER.

(Ed. Note: Mr. Potter writes the **Radio Show Business Final**, broadcast daily over the American Broadcasting Co. network.)

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

David V. Andrews and Frank M. Gregory have been appointed Vice-Presidents of **The Chase Manhattan Bank, New York,** George Champion, President, announced May 11. Both are in the New England district of the United States department, the Bank's national territorial organization.

Mr. Andrews joined the Bank of the Manhattan Company in 1950. He was appointed to the official staff as an Assistant Treasurer in 1953 and in 1956, the year after the Chase National-Bank of Manhattan merger, was promoted to Assistant Vice-President.

Mr. Gregory, who joined the Chase National Bank in 1927, was appointed an Assistant Cashier in 1937 and was promoted to Assistant Vice-President in 1944.

Also announced yesterday was the promotion of Byron S. Pardee and Robert W. Yates to Assistant Vice-Presidents in the public utilities department. George E. Kruger was appointed mining geologist in the petroleum department.

* * *

The Chase Manhattan Bank, New York has announced two high-level changes in its trust department, effective June 1.

J. Bryson Aird will become head of the agency administration division, which encompasses stock transfer, registration and corporate agency administration. Arthur F. Henning, who has been Mr. Aird's assistant, will succeed him as head of the corporate trust division. Both men are Vice-Presidents of the Bank.

Mr. Aird joined the Bank in 1930 as an Assistant Trust Officer. He was advanced to Assistant Vice-President in 1931 and to Vice-President in 1942.

Mr. Henning joined the Bank in 1919 and except for two years spent in the international department has served exclusively in the trust area. He was made a corporate trust officer in 1946, a Second Vice-President in 1952 and a Vice-President in 1957.

* * *

Robert H. Chiang has been appointed a manager of **Chemical Bank New York Trust Company, New York** in charge of its Chinatown Office, it was announced by Chairman Harold H. Helm. Mr. Chiang joined the Bank in 1952, and has served since 1957 as Assistant Manager of the Chinatown Office, at Canal & Mott Sts.

In 1933, Mr. Chiang started his banking career with the **Central Trust of China in Shanghai.** He also has been affiliated with the **Farmers Bank of China,** Rangoon, Burma & Calcutta & Bombay, India.

* * *

John W. Heilshorn, Assistant Vice-President, has joined the Correspondent Bank Department of **The First National City Bank of New York.** He was formerly with **Chemical Bank New York Trust Company, New York.**

* * *

Promotion of Jean-Pierre Gabriel and John Keat to Vice-Presidents was announced by the Bankers Trust Company, New York. Both formerly were Assistant Vice-Presidents. Assigned to the bank's international banking department, Mr. Gabriel joined Bankers Trust in 1957. He previously was manager of the foreign department of American Security and Trust Company, Washington, D. C.

* * *

The Bank of New York, the City's first Bank which was founded in 1784, will open a branch in Freedomland, the new outdoor entertainment center in the Bronx. The branch will be a working bank to serve Freedomland's exhibitors, its employees and the many thousands of visitors who will be attracted to the historical display.

Since the "Little Old New York" area of Freedomland will show the city as it was in the 1850's, the new Bank branch will be designed to suit this era, and employees there will wear costumes of this period.

* * *

Victor R. Zevallos has been appointed a Vice-President of **The Bank of New York,** according to an announcement by Albert C. Simmonds, Jr., Chairman. He will be associated with the Bank's International Department.

* * *

Roderick McRae, Executive Vice-President of the **Bank of New York,** died May 6 at the age of 54.

Mr. McRae joined the Bank in 1930, became a Vice-President in 1942 and Executive Vice-President last April 12.

Mr. McRae was a Director of the **Lincoln Savings Bank of New York.**

* * *

The common capital stock of the **Lafayette National Bank of Brooklyn in New York, New York** was increased from $1,800,000 to $2,000,000 by the sale of new stock effective April 27. (Number of shares outstanding — 100,000, par value $20.)

* * *

The Ridgewood Savings Bank Brooklyn, N. Y. elected Carleton S. Harloff as a Trustee.

* * *

The appointment of Frank N. Gollow as a Vice-President of **National Bank of Westchester, White Plains, N. Y.** was announced by Ralph T. Tyner, Jr., Chairman, and Harold J. Marshall, President.

Mr. Gollow began his banking career in 1923 with the **First National Bank and Trust Company of Tuckahoe, N. Y.** and joined National Bank of Westchester as an Assistant Vice-President with the merger of the two banks in 1954. He was appointed officer-in-charge of NBW's Tuckahoe office in 1956 and will continue his assignment at the 42 Oak Avenue banking office.

* * *

Marine Midland Trust Company of Southern New York was given approval on May 5 to increase its capital stock from $2,640,000 consisting of 132,000 shares of the par value of $20 each, to $2,673,000 consisting of 132,000 shares of the par value of $20.25 each.

* * *

Tompkins County Trust Company, Ithaca, N. Y. was given approval on April 29 to increase its capital stock from $1,000,000 consisting of 100,000 shares of the par value of $10 each, to $1,200,000 consisting of 120,000 shares of the same par value.

* * *

The Windsor National Bank, Windsor, N. Y. filed a plan for the merger of The Windsor National Bank into **Marine Midland Trust Company of Southern New York** under the title **"Marine Midland Trust Company of Southern New York,"** with the New York State Banking Department. The proposal of the merger was given in the April 14 issue of the Chronicle on Page 1634.

* * *

Robert H. Bean, former Boston banker, died May 4 at the age of 83.

Mr. Bean was a past president of the American Institute of Banking, educational section of the American Bankers Association. He had been President of Boston Chapter, AIB, in 1912-14, and became national president of the Institute and Chairman of its Executive Council in 1915-16. He was a member of the Executive Council of the ABA in 1916-19.

Mr. Bean entered banking as a messenger in 1898. He served in two banks before organizing the **South Trust Company, Boston, Mass.,** of which he became Vice-President and Treasurer. In 1915 he became Secretary and managing officer of the **Casco Mercantile Trust Company, Portland, Maine.**

* * *

By a stock dividend **The New Britain National Bank, New Britain, Conn.,** increased its common capital stock from $900,000 to $1,000,000 effective April 25. (Number of shares outstanding—50,000, par value $20.)

* * *

Henry L. Rost, a banker and a civic leader here for nearly forty years, died May 4 at Muhlenberg Hospital, Plainfield, after a brief illness. His age was 66.

Mr. Rost was Vice-President in charge of the Westfield branch of the **National State Bank of Elizabeth, New Jersey,** and a member of its board of directors. He assumed the Vice-Presidency last September when **National State** absorbed the **Peoples Bank and Trust Company of Westfield,** of which he had been President for more than thirty years.

* * *

By the sale of new stock, the common capital stock of the **Mechanics Bank of Burlington, New Jersey** was increased from $437,500 to $562,500 effective April 27. (Number of shares outstanding—22,500, par value $25.)

* * *

Union National Bank and Trust Company of Huntingdon, Huntingdon, Pa., with common stock of $175,000; and **The First National Bank of Mount Union, Mount Union, Pa.,** with common stock of $60,000 consolidated effective April 23. The consolidation was effected under the charter and title of **"Union National Bank and Trust Company of Huntingdon,"** with capital stock of $246,000, divided into 24,600 shares of common stock of the par value of $10 each.

* * *

Appointment of Ray F. Myers, Jr., as Vice-President in charge of the corporate trust division of **Continental Illinois National Bank and Trust Company of Chicago, Ill.,** was announced May 5.

Mr. Myers succeeds Ronald M. Kimball who retired April 30.

* * *

The merger of the **Harris Trust and Savings Bank Chicago, Ill. and the Chicago National Bank, Chicago, Ill.,** was formally approved by the stockholders of the two banks in separate meetings held May 4.

Combined resources of the two banks based upon figures as of February 29 totaled $943,000,000.

The merger of the two banks is now binding and conclusive, the necessary approval of the Department of Financial Institutions of the State of Illinois having been given earlier this week. The physical consolidation of the two banks will take place on Oct. 24, 1960, and the merged institution will operate from that date under the name and state charter of **Harris Trust and Savings Bank.**

* * *

Mr. William B. Hall was elected a Senior Vice-President of **The Detroit Bank and Trust Company, Detroit, Mich.,** on April 26, to be effective May 1, it was announced by Mr. Joseph M. Dodge, Chairman of the Bank.

* * *

The Public Bank, Detroit, Mich. announced that William H. Verhelle was promoted from Assistant Vice-President to Vice-President.

Herbert L. Bobke was promoted from Assistant Cashier to Assistant Vice-President.

Also promoted to Assistant Vice-President was W. Lee Harden, former personnel officer.

* * *

The First National Bank of Minatare, Minatare, Neb., with capital stock of $25,000 was converted into a state bank under the title **Minatare State Bank, Minatare, Neb.,** effective March 19.

* * *

"The National Bank of St. Petersburg," St. Petersburg, Pinellas County, Fla. was issued a charter on April 22. The President is Fred H. Green and the Cashier, Harry H. Finlay. The bank has a capital of $500,000 and a surplus of $250,000.

* * *

Sir Hubert Nutcombe Hume, K.B.E., M.C., has been appointed a Director of the **Bank of Montreal, Montreal, Canada,** it was announced May 10.

* * *

The First National Bank of Hawaii, Honolulu, Hawaii, increased its common capital stock from $6,000,000 to $7,000,000 by the sale of new stock effective April 25. (Number of shares outstanding—700,000, par value $10.)

Morgan Stanley Offers Wisconsin Telephone Debens.

Morgan Stanley & Co. and associates have offered for public sale on May 11 a new issue of $20,000,000 Wisconsin Telephone Co. 35-year 4⅞% debentures, priced at 101.265% and accrued interest to yield about 4.80% to maturity. The debentures, which are due May 1, 1995, were awarded to the Morgan Stanley group at competitive sale yesterday on its bid of 100.479% which named the 4⅞% coupon.

The company, a wholly-owned subsidiary of American Telephone and Telegraph Co., will apply the proceeds from the sale toward repayment of advances from the parent company and used principally for construction. These advances are expected to approximate $20,300,000 at the time the proceeds are received.

The new debentures are subject to redemption at prices ranging from 106.765% to the principal amount.

As of Dec. 31, 1959, Wisconsin Telephone had a funded debt of $30,000,000. There were also outstanding on that date 10,750,000 shares of common stock of $20 par.

The company's service territory in Wisconsin includes the metropolitan area of Milwaukee and such cities as Madison, Racine and Green Bay with adjacent areas. On Dec. 31, last, the company had 1,096,764 telephones in service, of which about 45% are located in the metropolitan area of Milwaukee.

Total operating revenues of the company in 1959 were $121,848,818 and total income before income deductions was $20,226,322. This compared with $111,074,559 and $17,719,453 in 1958.

Detroit Bond Men To Hold Outing

DETROIT, Mich.—The Bond Club of Detroit announces that plans have been completed for their Annual Spring Golf Party.

The event will be held at the Essex Golf and County Club in Essex, Ontario, Can., on Friday, June 3, 1960. Guests are invited and tickets may be obtained from the party Chairman, Thad Obuchowski, of Goodbody & Co.

Chicago Bond Club Annual Field Day

CHICAGO, Ill.—The Bond Club of Chicago will hold its 47th annual field day on June 3rd at the Knollwood Club.

Featured will be baseball game between the Corporation and Municipal teams. Richard B. Walbert, Blyth & Co., Inc., will captain the Corporates, and Walter A. Hintz, A. G. Becker & Co. Incorporated, the Municipals. Harry J. Wilson, Harry J. Wilson and Company, and Roland C. White, Harris Trust & Savings Bank, will be umpires.

Those wishing to enter the golf tournament should send greens fee (four dollars) to Robert L. Meyers, Stone & Webster Securities Corporation. IBA handicap system will be used.

Shares for trading on the special Stock Exchange may be obtained from Eugene C. Travis, Harriman Ripley & Co.

William A. Noonan, Jr., Continental Illinois National Bank & Trust Co., is chairman of the Field Day; John J. Lynch and George R. Wahlquist, Weeden & Co., are vice chairmen, with G. Fabian Brewer, William Blair & Company, Chairman ex-officio.

Members of the Committees for the Field Day are:

Arrangements: Robert E. Williams, Jr., Goodbody & Co., Chairman; Samuel M. Duva, Reynolds & Co.; William D. Hilton, First Boston Corporation; John F. Kares, Jr., Goodbody & Corp.; John L. Lawver, A. C. Allyn & Co.; Orville H. Strong, First National Bank; Robert J. Taaffe, McDougal & Congdon; Charles S. Werner, Shearson, Hammill & Co.; William F. White, Blyth & Co., Inc.

Golf: Robert L. Meyers, Stone & Webster Securities Corporation, Chairman; Robert M. Clark, Blunt Ellis & Simmons; Wallace D. Johnson, Farwell, Chapman & Co.; and William S. Morrison, Jr., Harris Trust & Savings Bank.

Baseball: Charles G. Scheuer, Wm. H. Tegtmeyer & Co., Chairman; Walter A. Hintz, A. G. Becker & Co., Incorporated; Richard B. Walbert, Blyth & Co., Inc.; Roland C. White, Harris Trust & Savings Bank; Harry J. Wilson, Harry J. Wilson & Co.

Lunch-Dinner: Andrew D. Buchan, Bacon, Whipple & Co., Chairman; Walter A. Hintz, A. G. Becker & Co., Incorporated.

Trophies: Harry C. Hall, The Illinois Company, Chairman; Tad I. Haviland, Halsey Stuart & Co., Inc.; O. H. Heighway, Hornblower & Weeks.

Entertainment: John A. Orb, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, Chairman; Francis C. Farwell, Farwell, Chapman & Co.; and William M. Witter, Dean Witter & Co.

Investments: Eugene C. Travis, Harriman Ripley & Co. Incorporated, Chairman; Clayton F. Brown, Northern Trust Company; James DeCantillon, Continental Illinois National Bank & Trust Company; Thomas L. Kevin, Glore, Forgan & Co.; D. Throop Vaughan, City National Bank & Trust Company.

Dividends: Jay Simon, City National Bank & Trust Company, Chairman; Matthew J. Hickey, III, Hickey & Co.; James L. Jeffers, Stifel, Nicholaus & Co. Incorporated; and Roland C. White, Harris Trust & Savings Bank.

Named Director

William P. Mackay has been elected to the board of directors of The High Point Chemical Co., Inc., Port Washington, Long Island, N. Y., manufacturers of nylon molding powder, it was announced by Roy E. Berg, President.

Mr. Mackay heads the investment firm of Mackay & Company, of Reading, Penna.

UNION PACIFIC RAILROAD COMPANY

SIXTY-THIRD ANNUAL REPORT — YEAR ENDED DECEMBER 31, 1959

REPORT OF THE BOARD OF DIRECTORS ON THE YEAR'S BUSINESS

New York, N. Y., April 28, 1960.

TO STOCKHOLDERS OF UNION PACIFIC RAILROAD COMPANY:

The Board of Directors submits the following report for the Union Pacific Railroad Company, including its Leased Lines,* for the year ended Dec. 31, 1959.

CONDENSED STATEMENT OF INCOME

	1959	1958	Increase (+) Decrease (—)
Operating revenues	$515,767,433	$505,215,191	+$10,552,242
Operating expenses	$378,741,803	$371,257,945	+$ 7,483,858
Taxes (including taxes on income from oil and gas operations)	76,806,304	69,803,903	+ 7,002,401
Equipment and joint facility rents—net charge	23,262,674	20,692,259	+ 2,570,415
Net income from transportation operations	$ 36,956,652	$ 43,461,084	—$ 6,504,432
Net income from oil and gas operations (excluding income taxes)	19,347,089	24,566,034	— 5,218,945
All other income	13,526,160	14,765,358	— 1,239,198
Total income	$ 69,829,901	$ 82,792,476	—$12,962,575
Interest on funded debt	$ 4,413,298	$ 4,470,345	—$ 57,047
Miscellaneous rents and charges	575,243	539,687	+ 35,556
Total fixed and other charges	$ 4,988,541	$ 5,010,032	—$ 21,491
Net income from all sources	$ 64,841,360	$ 77,782,444	—$12,941,084

As the result of declines in all three of the major categories of income—transportation, oil and gas operations, and investments and other sources—net earnings after dividends on preferred stock, amounted to only $2.71 per share of common stock, or 58 cents less per share than in the previous year.

Notwithstanding this 17½ per cent decrease in earnings per share, dividends were declared on common stock at the same rate as in 1958—$1.60 per outstanding share, including an extra dividend of 40 cents at the end of the year. Thus, 59 per cent of the Company's net income after preferred dividends was declared in dividends to the holders of common stock, compared with 48.4 per cent in the previous year.

There was no curtailment of expenditures for improvements to the Company's transportation properties. In fact, the aggregate expenditures of $70.1 million for equipment and other improvements were $15.8 million greater than in 1958. Continued expenditures on such a scale, as pointed out in previous reports, are essential under present-day conditions to enable the Union Pacific to maintain and improve its competitive position in the field of transportation and continue to provide efficient, up-to-date service.

OPERATING REVENUES

The increase in **Freight revenue** compared with 1958 reflects the net effect of a 15 per cent increase in ton-miles of freight carried in the first half of 1959 due to a broad recovery in general business conditions, and a 5.7 per cent decline in the last half caused chiefly by the 116-day steel strike which started in July. For the full year, ton-miles carried showed an increase of only 3.8 per cent with a decrease in average revenue per ton-mile of 1.8 per cent.

The largest revenue *increases* were in *lumber and plywood*, as the result of greater construction activity; *automobiles and parts*, reflecting increased production and sales; *chemicals and products*, because of improved industrial demand; *vegetables, other than potatoes*, principally from Northern-Central California where production was substantially greater than in 1958; and *oranges*, due chiefly to excellent crops of both Valencia and navel oranges in California. There were also increases in revenue for a long list of manufactured products, such as construction materials, petroleum derivatives, household appliances, machinery, paper products, etc., not large enough to justify individual comments, but representing in the aggregate a substantial amount.

The commodities with the largest *decreases* in revenue were *iron ore* and *nonferrous ores and concentrates*, as the result of strikes in steel and other metal industries; *sorghum grains*, primarily because of less shipments by the Government to Pacific Coast points for storage; *potatoes* from Idaho, due chiefly to increased competition from other States; and *less than carload freight*, chiefly because a substantial volume of such traffic in the previous year was diverted from the highways to rail carriers as the result of a strike by Western truck drivers.

Passenger revenue was almost exactly the same as in 1958. Travel in coaches, which represents about three-fourths of the Company's total passenger volume increased approximately 3 per cent over 1958, but there was a decline of 8 per cent in sleeping car travel. The net effect was a small increase in the number of passengers carried one mile but a slight decrease in average revenue per passenger-mile.

The increase in **Mail revenue** was due to a greater volume of mail carried and to an increase of 5.6 per cent in the rate of compensation for transporting mail, made effective on Western railroads July 1, 1959.

The increase in **Express revenue** represents increased receipts from the Railway Express Agency, chiefly as the result of various rate increases authorized by the Interstate Commerce Commission, and drastic curtailment by the Agency of its operating expenses.

OPERATING EXPENSES

The most important of the factors responsible for the increase in **Operating expenses** was the higher level of wage rates. The wage increases granted in May and November of 1958, mentioned in last year's report, and a "cost-of-living" increase of 3 cents per hour effective November 1, 1959 (making a weighted average increase over 1958 of 8½ cents per hour) inflated operating expenses for the year by $8 million.

The chief other reasons for the increase in expenses were: The larger volume of freight traffic handled and faster freight train schedules; expanded programs for repairing and remodeling diesel locomotives; increased charges for equipment depreciation, due to acquisition of additional locomotives and cars and higher depreciation rates effective in 1959; a rise in locomotive fuel prices; and less proceeds from sales of scrap material, credited to operating expenses.

However, the effect of such increases was partially counteracted by substantial economies accomplished through acquisition of improved facilities and innovations in operating and maintenance methods, and by reductions in expenses resulting from a decrease in passenger-train miles operated and lower charges for retirements of non-depreciable fixed property and for fire insurance. Expenses in connection with repairs and improvements to freight cars were also reduced, although the freight fleet was maintained in satisfactory condition; only 1.8 per cent of freight cars were unserviceable at the close of the year—about the same as the corresponding percentage for 1958.

Way and structures were adequately maintained, and greater quantities of rails, ties, and ballast were applied in main track renewals than in the previous year, as shown in the tabulation below:

	1959	Increase (+) or Decrease (—) vs. 1958
New rails (track miles)	110.35	+ 4.48
Second-hand rails (track miles)	40.23	— 1.43
Total rails (track miles)	150.58	+ 3.05
Ties (number)	855,108	+215,725
Ballast (cubic yards)	253,592	+ 62,681

TAXES

The increase in **Federal income taxes** resulted from an increase in *taxable income* (notwithstanding a decrease in book income), chiefly because of reduced allowances for various items deductible for tax purposes which are not reflected in the income statement. The principal item in this category was the smaller deduction for amortization allowances on the cost of property classified as "emergency facilities" by the Office of Defense Mobilization. The details in connection with such amortization allowances in 1959 compared with 1958 are shown below:

	1959	Decrease vs. 1958
Amortization deductions	$17,772,416	$8,240,953
Excess of amortization over depreciation	9,562,687	8,911,914
Reduction in income taxes	4,972,597	4,634,196
Betterment in net income per share of common stock	$.22	$.21

As a partial offset to the substantial reductions in amortization and other allowances for tax purposes, there was an increased allowance in 1959 for accelerated depreciation (on property acquired after 1953) in excess of depreciation at rates authorized by the Interstate Commerce Commission, chiefly because of additional acquisitions of equipment and other depreciable property. The reduction in income taxes resulting from such accelerated depreciation was about $3.7 million in 1959 compared with $2.5 million in 1958.

The sharp increases in **Federal unemployment insurance taxes** and **Federal retirement taxes** were chiefly due to increases in the tax rates. The unemployment tax rate rose automatically on January 1, 1959, from 2½ per cent to the maximum rate of 3 per cent under the existing law, because of depletion of the trust fund established for payment of railroad unemployment benefits. Thereafter, in disregard of unchallengeable evidence showing that the railroads were urgently in need of *reductions* in their inequitable tax burdens, payroll taxes were *further increased* effective June 1, 1959. The unemployment tax rate was raised from 3 per cent to 3¾ per cent, and the retirement tax rate from 6¼ per cent to 6¾ per cent, with rates progressively increasing in future years. On top of this, both of the increased tax rates were made to apply to an increased base, that is, to the first $400 of each employe's monthly wages instead of $350 as theretofore. While employes are taxed at the same rate as the railroad for the railroad retirement fund, the employes pay no part of the taxes for the unemployment insurance fund. The *railroad's annual payroll tax payments for every employe* with a monthly wage of $400 or more, have risen as shown below, due to the payroll tax increases effective in 1959:

Basis effective in 1958	$367.56
Effective January 1, 1959	388.56
Effective June 1, 1959	504.00

State and county taxes by classes, compared with 1958 were as follows:

	1959	Increase vs. 1958
Ad valorem and other property taxes	$17,993,741	$284,022
Income and franchise taxes	1,423,442	158,779
Sales, use, and compensating taxes	658,817	103,199
Total	$20,076,000	$546,000

Total taxes for 1959 were equivalent to 14.9 per cent of total operating revenues, $1,893.41 per employe, and $3.42 per share of common stock or 71 cents more than the Common Stockholders' equity of $2.71 per share in net earnings.

OIL AND GAS OPERATIONS

	1959	1958	Increase	Decrease	Per Cent
Receipts from sale of oil, gas, and other products	$29,298,485	$35,841,242	......	$6,542,757	18.3
Production expenses (including depreciation)	$5,772,804	$6,750,701	......	$977,897	14.5
Taxes (other than income taxes)*	2,102,647	2,920,612	......	817,965	28.0
Intangible drilling and development costs†	2,075,945	1,603,895	$472,050	......	29.4
Total charges against receipts	$9,951,396	$11,275,208	......	$1,323,812	11.7
Net income from oil and gas operations	$19,347,089	$24,566,034	......	$5,218,945	21.2
Drilling and development costs not charged against receipts	$398,878	$356,724	$42,154	......	11.8

* Federal taxes on income from oil and gas operations, of approximately $5,863,100 in 1959 and $7,327,100 in 1958, are included in "Taxes" under "Transportation Operations."

† Represents costs such as labor, fuel, repairs and hauling in connection with drilling, geological work, clearing ground, building roads, and certain materials with no salvage value.

The decrease in *receipts* resulted chiefly from declining production in Wilmington and Rangely fields and a decrease of about 13 per cent in the average price received for oil sold in Wilmington field. Most of the decrease in *production expenses* occurred in Wilmington field. The decrease in *taxes* reflects lower ad valorem taxes in Wilmington field and credit adjustments of taxes for prior years in Rangely field. The increase in *intangible drilling and development costs* resulted from increased drilling activity in Wyoming areas, partially offset by reduced drilling in Wilmington and Pierce fields.

* **Leased Lines are: Oregon Short Line Railroad Company, Oregon-Washington Railroad & Navigation Company, Los Angeles & Salt Lake Railroad Campany, and The St. Joseph and Grand Island Railway Company. Figures in the Income Account and other tables are stated on a consolidated basis, excluding offsetting accounts between companies.**

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Why Do People Buy?

You have heard the question asked so many times, "How about that Hotwire Electronics common, do you think it's time to sell it?" And the anxiously awaited answer to the question is always one that seems to leave both the questioner and the answerer as much in the dark as before the question is asked. "Now about the book value, let's see, I'd say its around 50 cents a share and the stock is selling at 35," says the broker who wants to appear as if he knows a little something at least about Hotwire. "And the earnings will be only about 30 cents this year, but they are spending a dollar a share on research which they are exspensing." By this time the customer is already becoming impatient. He has heard all that before. They finally end up with an agreement that you can't put a valuation on brains, and so once again, for the time being, everyone is happy even if no one knows what they mean or what it is all about.

Today the popular craze is to buy space age stocks. Back in 1932 it was the beer stocks—they called them beverage stocks in those days—this made it sound a little more respectable. We've had the chemical stock craze, the drug stock craze, and believe it or not, when we were all not so much younger, there was a time that all you had to do to make money was to buy the oils and hold them. Depletion allowance of 27½% (still have it) free storage of valuable property in mother earth, inflation protection (so help me) and until that fad wore out, and Africa and South America began to dump the stuff all over the world, black gold was king.

There have been all kinds of stock fads—people buy stock to make a profit (in the main). A lesser number of individuals and institutions actually invest for income and longer term appreciation. The Federal Government, with its nonsensical high bracket income taxes, and the capital gains tax, has taken all of the common sense out of investing for income for the man in the $10,000 per year and up taxable income brackets. So stocks are frozen in at high levels, the floating supply becomes smaller, and the price levels of those stocks which are popular are continuously pushed higher and higher. Cash flow becomes a new rationalization for overpricing, income growth not yet materialized but wished and hoped for is capitalized years in advance; and the people who are using the rule book to evaluate stocks either think they no longer can read or someone retranslated the book.

It's Not So Difficult to Understand This

Certain fundamentals always influence people's actions. When the fad is capital gains, hopes of trips to Mars, Venus and Saturn are readily accepted by many people who have learned that sex appeal in a stock in such times as these is better than fat dividends, or certainly skinny dividends. When a stock is moving, when the buying is stronger than the selling, when the propaganda is effectively pepping up the stock speculators, there are always plenty of people to push it along. That's why you are seeing so many new issues of little three dollar stock today quickly oversubscribed and they move almost immediately to five or to ten (or more). Who wants to buy stock in a buggy-whip company?

People Do It Because They Are People

I am not trying to low rate sound investment research and the application of tested principles of investment. Those people who stick to such procedures will in the long run pursue a much safer course with their capital even if they may not double or triple it during this current phase of the public's addiction to science stocks.

Last weekend I spent a few days at a hotel in Miami Beach. I had some time on a Saturday evening and in order to please my 13-year old daughter I allowed her and her mother to inveigle me into spending several hours sitting in an auction room where three high pressure artists of the auctioneering trade held sway. This was supposedly for my daughter's entertainment and education as well as my wife's pleasure. Funny how women can sit through these things and get a big kick out of them even if they don't buy.

As usual, I was much interested in the techniques used by these skillful hucksters even though I have watched this procedure many times. They started at eight o'clock. They told stories. There were several children in the audience and the kids were asked to come up and recite. After a pat on the head, some very complimentary remarks, and a gift or two and much applause, the crowd began to warm up.

A shill entered and he asked some questions. Bidding began with low priced items. More people came into the room. First one auctioneer took over. After about an hour another, then about 9:30 the old master stepped up. They called him Doctor. When he got through with his introduction the room was well filled. He warmed them up, he talked philosophy, what's wrong with the modern generation, what he did when a boy, and he asked, "Do you like the auctioneer?" and all together we answered "Yes." But it wasn't loud enough for him. He knew we could do better than that and we did.

It wasn't long before two diamond rings were shown to the crowd. One had belonged to a famous movie star, another was from a large estate. He was bonded, he had his guarantees. "Do you still like the auctioneer?" "Yes," we said. By this time we were in it, the crowd was in a buying mood. "You're here on a vacation, dead men wear no rings. And let me tell you something if you love your wife now is the time to let her know it. And ladies if you love your husband and he wants to give you something like this and he asks you, 'Do you like it,' tell him yes. Remember, that's what he wants to hear. So what do you say folks, what do I hear? Remember I am under $50,000 bond; after I have two bids this beautiful stone is out of my hands etc. etc." One ring sold for $1,300 and another for $2,250. Both were sold to a young man who sat a row in front of me with his wife and little girl (who had sung one of the songs for us before the sale got under way.)

The next morning I met the young man at my hotel. After a few remarks we found that we both knew someone in common and I became friendly with him. I asked him if he would mind telling me how he would make certain that the stones he bought were worth what he paid. His reply was, "I really don't care, they looked alright to me, I am on vacation. What's the difference. I bought them for my wife."

What has all this got to do with evaluating stocks? Just this—it seems to me a lot of people are buying certain stocks not because they know what they are worth, but because this joy ride they are on seems to appeal to them in one way or another.

N. J. Aluminum Extrusion Co. Stock Offered

Laird & Company, Corp. and associates on May 10 offered 110,000 shares of New Jersey Aluminum Extrusion Co., Inc. capitial stock, class A, at a price of $8.875 per share.

Of the 110,000 shares offered, 50,000 shares are being sold for the account of the company and 60,000 shares for the accounts of certain selling stockholders.

Net proceeds from the sale of its 50,000 shares of stock will be added to the company's general funds and will be available for various corporate purposes, including working capital and the payment of outstanding bank loans.

New Jersey Aluminum Extrusion Co., Inc. is engaged exclusively in the manufacture of aluminum extrusions. Principal offices of the company are located in New Brunswick, N. J. The company produces various aluminum extruded shapes, including standard and custom-designed shapes, pipe and tubing, for its customers who fabricate extrusions into a number of products, such as storm windows, outdoor furniture, truck bodies and trailers, prime windows, house trailers, fencing, grating, appliances, ladders, boats and others. The company is completing a new plant having approximately 24,000 square feet in Winton, N. C.

For the year 1959, the company had net sales of $6,220,096 and net income of $91,766, equal to 50 cents per capital share. Upon completion of the current financing, outstanding capitalization of the company will consist of $128,000 of 6% debentures due Nov. 1, 1963; 141,000 shares of capital stock, class A, and 91,000 shares of capital stock, class B.

Tinstman Co. Formed in Lincoln

LINCOLN, Neb.—Tinstman & Co., Inc. has been formed with offices in the Stuart Building to engage in a securities business. Officers are Dale C. Tinstman, President and Treasurer; Gene H. Tallman, Vice-President and Secretary; H. A. Tallman, Assistant Secretary and J. S. Tinstman, Assistant Secretary and Assistant Treasurer.

Dale C. Tinstman was formerly Assistant Manager of the investment department of the First Trust Company of Lincoln.

R. E. Mayer Joins Wagenseller & Durst

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Ralph E. Mayer has become associated with Wagenseller & Durst, Inc., 626 South Spring Street, members of the New York Stock Exchange. Mr. Mayer, who has been in the investment business for many years was formerly with William R. Staats & Co., and Crowell, Weedon & Co.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

Last week's reduction in the rate which the commercial banks charge their customers for loans secured by stock collateral, from 5½% to 5% had a favorable influence on both the money and capital markets. The immediate effect was improved prices for all government issues, the short, the intermediates and the long terms. Non-Federal obligations, such as corporates and tax-exempt bonds, were also helped by this development, with stale syndicates in many cases being cleaned out by this decrease in the collateral loaning rate. The better tone and feeling in the money and capital markets brings forth the opinions that the discount rate may be the next to go lower. The prime rate also could be vulnerable.

The May 15 refunding operation was a successful one, with the attrition of $646,000,000, or about 10%, pretty much in line with expectations. This probably means there should be no further trips for the Treasury into the open money market for this fiscal year.

Cut in Discount Rate Likely

The discount rate of the Federal Reserve Banks, in the opinion of not a few money market specialists, is quite likely to be reduced in the not distant future. It is believed that the 4% Central Bank rate, which is substantially above the bill rate, and which has not been a penalty rate here for a long time, will be decreased to 3¾% or 3½% before much more water has passed under the bridge. The persistent spread between the bill rate and the discount rate is not the only reason given for the expected decline in the Central Bank rate since the uncertain trend of economic conditions is believed to carry much more weight when it will come to making changes in the discount rate. The demand for loanable funds is expected to remain sizeable but the boom size demand which has such a marked effect on interest rates and credit appears to have gone the way of all flesh for the time being at least.

Accordingly, with the inventory build-up not reaching the proportions which had been predicted—and in some instances there have been evidences of inventory liquidation—this means that the need for credit to take care of the carrying of these goods has been less than was expected. This has been responsible in some measure for a bit more credit being available for those who are interested in making loans.

It is rather evident that the course of business is going to be a very powerful force in determining the future trend of interest rates and as long as this trend is uncertain the monetary authorities are quite likely to keep money conditions in such a state that they will be helpful to the economy.

Reserve Will Keep Brakes On

A reduction in the discount rate when it comes is not likely to increase sharply the supply of loanable funds, even though it will mean that the policy of "easy" restriction is being superseded by one which will tend to aid in the bolstering of the economy. The banks, under such conditions, should be in a position to meet all legitimate borrowings which should be on the uptrend.

However, it is not expected that these institutions will have so much in the way of funds that they will be buyers of government bonds in addition to making loans. It is the opinion of most money market specialists that the powers that be will still keep a fairly tight rein on the money market in spite of the beliefs that there is a tendency to move in the direction of a modest amount of ease because of the questionable economic conditions.

Current Buying Trends

The intermediate-term government bonds, according to advices, have been moving into strong hands with the smaller out-of-town banks the main buyers of these issues. It is reported that the 4¾s, the 4⅞s, the 5s and the refunding 4⅝s have been the ones in which these institutions with surplus funds have been principally interested in.

The long-term end of the government list continues to be on the thin side so that quotations of these issues are moved about very readily by the so-called "professional" element in the market. Nonetheless, it is indicated that the new money bond, the 4¼% due 1985, has also been going into investment hands, with private pension funds and charitable organizations giving public pension funds competition in the purchase of this bond. Even with the price at about the 100 level, this has brought certain new buyers into the issue.

Charlotte Motor Speedway, Inc. Rights Offered

Charlotte Motor Speedway, Inc. offered to the holders of its common stock (par $1) the right to subscribe for 304,280 shares of common stock at a price of $2 per share, in the ratio of two shares for each three shares held of record April 12, 1960; these rights expired on May 6. 66,134 shares have been sold through May 6 according to Morrison & Co., Inc., of Charlotte, N. Car., who are presently offering the remaining unsubscribed shares at $2 per share.

The company was incorporated under North Carolina law on Aug. 19, 1959, to engage in the business of operating a motor speedway and to conduct, or lease its premises to others for the purpose of conducting other events. The Speedway is located on U. S. Highway No. 29, approximately 10 miles north of the City of Charlotte. On May 29, 1960, the company proposes to stage its first "World 600" stock car race, which it proposes to make an annual event. This will be a 600 mile race, which represents, so far as it is known to the officers of the company, the longest distance stock car race staged on a closed or oval-shaped course, as distinguished from a road or airport course, anywhere in the world. This event which will carry a $100,000 purse is the largest amount of money for any one event in American stock car racing.

Garat With Polonitza

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Tony Garat has become associated with Harry C. Polonitza & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was formerly an officer of Arthur B. Hogan, Inc.

AS WE SEE IT *Continued from page 1*

way or another with the operations of American business.

At What Cost?

What the cost of all this is in terms of wages and salaries, and other normal expense, plus the burden thus imposed upon private business, no one can say with precision, but there can be not the slightest doubt that it is all but astronomical. One partial measure of the direct cost is found in the non-military payrolls of government, say in 1958 (the latest year data are at the moment available) as compared with 1929. In the earlier year, there were a little over 34,000,000 men working for wages and salaries in private business in this country. Government, including government enterprises but excluding the military establishment, employed 3,287,000 men and women. By 1958 private business employed some 47,700,000 (a good many of them engaged largely if not solely in preparing reports and other documents for government) while government (excluding military payrolls) employed 8,122,000. Thus we see that in 1929 for every 100 drawing pay from private business, something less than 10 worked for government; in 1958 about 17 drew wages or salaries from government for every 100 employed in private business.

The same essential fact is found when, not the number employed but the total compensation of employes is analyzed. In 1929 private business paid out some $46 billion in wages and salaries and the like. Government's bill was $5.1 billion, or about 11% of that of private business. In 1958, the figures were $210.1 billion and $37.0 billion —the government figure being about 18% of that of private business. The total for government at the later date was roughly seven times that of the earlier year; that of private business roughly four and a half times the earlier figure. When the harassment, the delays, the expense, and the frustrations suffered by business of virtually all types as a result of such government activities are added to these costs—well, every businessman knows that the figure would be so high that the wonder is that a reasonable profit is ever earned—and no account has been taken of the cost of preparing all the records and data required by the Treasury Department at income tax payment times.

Underlying Philosophy

The broad underlying philosophy which accompanied and in fact produced it all is as important as what has taken place. The younger generation whose life-span does not reach through the period since, say the turn of the century, is in all too many instances not aware of what has taken place in our thinking concerning business and national affairs. The original regulatory agencies were designed, let it be recalled, merely to apply to situations where, in the nature of the case, competition could not function in an effective way. The railroads were the first to get public attention and public action. Of course, there was even then an element of competition among the railroads of the country, but in large sections of their lines such roads enjoyed a virtual monopoly. The same principle is apparent among a number of the utility enterprises. It would, for example, be inordinately costly and excessively clumsy to have two telephone companies operating in the same area. These earlier agencies were set up to do what competition would in ordinary circumstances do in other types of business.

As to the rest of the business system, laws were enacted to ensure that competition actually continued to exist—the Sherman Act, the Federal Trade Commission Act, the Clayton Act. Good, bad or indifferent in their earlier days, these agencies had in theory at least a sensible purpose. But then came a later date—after Mr. Keynes and some others of the same turn of mind had set forth their views—when competition was no longer regarded as able to do what it had been supposed to do in keeping business on its toes, preventing exploitation and all in all tending to stimulate to the utmost the performance of businessmen. In point of fact, it presently began to be said that in some areas at least competition was a wicked thing and should be done away with—in the fields of labor and agriculture, for example.

Now government began to take on the role of the ultimately wise to create incentives here, place discouraging burdens there and in general try to see to it that the economy functioned as the politicians think it should. It was in response to such notions that the great crop of New Deal agencies and laws came into being, and if there is clear realization in influential circles that these new and strange ideas are not worthy of a free country devoted to free enterprise and individual initiative it is not evident.

We should be wise in our generation if we set our own thinking straight on the matter before further serious damage is done.

Terminological Appraisal Of Life Insurance Stocks

Continued from page 10

presses earnings, the investor cannot help but be confused when he looks at life insurance earnings.

However, life insurance analysts have an adjustment which they make which is designed to correct this earnings distortion. It goes like this:

The analyst assumes that a given amount of insurance in force will return so much in profits to the stockholder over its life. Therefore, if the insurance in force increases in a year, the analyst multiplies this profit by the increase in insurance in force and adds the resulting figure to earnings.

Example: The analyst assumes that over the life of an ordinary policy the policy will return to the stockholder $15 per thousand insurance in force in profits after taxes. Therefore, if a company's ordinary insurance in force increases by, say $500 million in a year, the analyst would multiply $500 thousand by $15. The reason he uses $500 thousand is that $500 thousand multiplied by one thousand equals $500 million. Therefore, there are 500 thousand "thousands" in $500 million. His profit "per thousand" is $15. Hence, $500 thousand multiplied by $15 or $7.5 million, is his adjustment.

He takes this figure and adds it to earnings as reported by the company in that year.

The theory behind doing it this way is that by adding insurance in force to its books the company is in effect adding an amount of future profits to its income statement. In other words, the insurance in force can be counted on to add $15 per thousand to earnings over the course of its existence.

The question arises immediately: Where did this $15 figure come from? How valid is it?

This $15 figure in essence represents the "current value" of all the future earnings of the insurance policy. For example, if we look at the type of insurance which we discussed in Table II, we could discount each year's profit to present value at, say 6%, and then add up all the resulting figures. This would give us the "present value" of the future earnings on this type of business. This is done in Table III.

It can be seen from Table III that the "present value" of the future earnings of the insurance which we discussed in Table II is $14.78 per thousand.

In a way, it is just a coincidence that our figure of $14.78 is as close to the "adjustment" figure of $15 per thousand as it is. It is a coincidence because the true

TABLE II

Estimated Profits on a Whole Life Ordinary Policy Assuming Typical Lapse Experience

Year	Profit per $1,000 Insurance Issued	Year	Profit per $1,000 Insurance Issued
1 ---	d$5.50	11	$2.10
2 ---	1.60	12	2.05
3 ---	1.40	13	2.10
4 ---	1.35	14	2.00
5 ---	1.25	15	1.90
6 ---	2.50	16	2.00
7 ---	2.40	17	2.05
8 ---	2.30	18	2.00
9 ---	2.20	19	2.05
10 ---	2.15	20	2.15

d deficit

worth of life insurance can differ widely depending on any number of factors. Some business is worth much more than $15 and some is worth less. For example, it is clear from comparing Tables I and II that business with a low lapse ratio would be more valuable. However, our illustration is a valid one in showing, rather roughly, where this "adjustment" comes from.

When "adjusting" stockholders book value the analyst applies his $15 to all the insurance in force. In other words, if a company has say, $8 billion insurance in force, the analyst would multiply his $15 "adjustment" by $8 million, to arrive at a total adjustment of $120 million. The theory here is that book value should properly include the "present value" of all the future earnings of the insurance in force.

To repeat, the adjustment to earnings involves applying the adjustment factor of say, $15 per thousand to the *increase* in insurance in force from year to year. The adjustment to book value involves applying this adjustment factor to the *total amount* of insurance in force at any given time.

Our "adjustment" to earnings and book value of $15 per thousand applies only to ordinary insurance. The figure for term and group insurance is quite different.

Without going into details, suffice it to say that an "adjustment" of $7 per thousand is often used for term insurance, and an adjustment of a maximum of $5 per thousand for group insurance. Where margins are thin, some analysts give group insurance only $2 or $3 per thousand, and some group insurance is not worth anything.

The valuation of accident and health insurance depends a lot on the profit of record of the business. Some of it has no "extra" value. Some of it can be adjusted by taking a percentage, 10% or so, of the increase in unearned premium reserves and adding it to earnings and of the total unearned premium reserves and adding it to book value.

Valuation of Industrial Insurance

Industrial insurance is somewhat different from ordinary life insurance. Lapse experience in industrial is considerably higher than for ordinary under usual conditions. Also, it tends to be

TABLE III

Year	Profit per $1,000 Insurance Issued (From Table II)	Discounted to Present Value at 6%
1 ----	d$5.50	d$5.50
2 ----	1.60	1.42
3 ----	1.40	1.18
4 ----	1.35	1.07
5 ----	1.25	0.93
6 ----	2.50	1.76
7 ----	2.40	1.60
8 ----	2.30	1.44
9 ----	2.20	1.30
10 ----	2.15	1.20
11 ----	2.10	1.11
12 ----	2.05	1.02
13 ----	2.10	0.98
14 ----	2.00	0.88
15 ----	1.90	0.79
16 ----	2.00	0.79
17 ----	2.05	0.76
18 ----	2.00	0.70
19 ----	2.05	0.68
20 ----	2.15	0.67
Total		$14.78

considerably more expensive to service, since the premium collections are made by the agent on a door-to-door basis. The rate charged for industrial, and the terms of the policies, take these factors into consideration, and the insurance is not necessarily less profitable than ordinary. In fact industrial insurance can be very profitable for a company.

However, the profitability of industrial insurance has a lot to do with the size and condition of the "debit." By "debit" we mean the weekly premium volume per agent. An industrial life insurance agent needs to build up a certain sized "debit" before the business breaks even. This is true because the "debit" supports the agent (by the commissions he collects), and obviously the agent needs a certain number of customers before his operating expenses are met. (A debit of $250 to $300 is spoken of as the break-even point.) It is clear that industrial insurance is best serviced in an area of high population density. The agent must be able to get around to visit all the people on his "debit" each week. This is one reason why industrial insurance customers tend to be concentrated in cities, usually the "industrial" areas of the cities.

The larger the "debit" is, the more profitable it is, generally speaking. Since the size and condition of the debit is so important in determining its profitability to the company, the "valuation" of industrial insurance revolves around a valuation of the debit.

For example, when one industrial insurance company buys out the insurance of another (as has often happened), the acquiring company will look at the size and condition of the "debit" of the company to be acquired and will decide what it is worth. If the debit is small and unprofitable, the acquiring company will pay less than if the debit is large and profitable. Of course, a debit of any size becomes more attractive if it can be integrated into the acquiring company's debit to advantage either by building up the size of the resulting average debit or reducing overhead expenses or both.

When one company "values" the debit of another it thinks in terms of a value "times the debit." For example, 40 times the debit, or 60 times the debit, depending on the profit potential in the debit. The thinking involved is similar to that used by the investor when he values a stock on a "times earnings" basis.

An Example: Since there are 52 weeks in the year, a price "52 times the weekly debit" would be the same as paying one full year's premium volume. If an industrial insurance company is earning 10% of premium volume each year, after taxes, then a price "52 times the debit" would represent a price "ten times earnings."

This is the type of thinking involved in valuing industrial insurance. The adjustment which analysts apply to the book value and earnings of an industrial life insurance company are based on this approach.

If a "valuation" of "52 times the weekly debit" is assumed to be valid, the analyst will add one full year's industrial premium volume (52 weeks worth) to book value in arriving at "adjusted" book value. In adjusting earnings the analyst will add to earnings the entire increase in industrial premium volume in a year (over the prior year's volume).

The theory here is partly based on the belief that in liquidation, the company is worth at least book value plus the "valuation" of the business on its books.

By the same token the "net worth" of the company increases by the amount of the increase in premium volume in a year, so such increase is added to reported earnings.

Actually, some analysts will not go as high as "52 times the debit"

in valuing the typical industrial company. Perhaps a lower valuation, 30 to 40 times the debit would be more suitable. If a valuation of 30 times the debit were used, the analyst would add 30/52 of the company's industrial premium volume in a year to book value. He would also add 30/52 of the increase in premium volume in a year (over prior year's levels) to earnings.

In summary, any "rule of thumb" in valuing insurance will be only an approximation. The actual valuation will vary from company to company, depending on the type and quality of the business written.

Amer. Bowling Ent. Securities Offered

American Bowling Enterprises Inc., a New York corporation, is offering 150,000 shares of common stock ($1.00 par value) and 150,000 class A common stock purchase warrants, through Myron A. Lomesney & Co., underwriter. The offering is made in units consisting of one share of common stock and one stock purchase warrant and is priced at $7.50 per unit.

The company will apply the net proceeds, together with other funds of the company, principally to the cost of constructing or otherwise acquiring bowling centers.

The company, on its present sale and lease-back arrangement, has three bowling centers operating in Massachusetts and is investigating prospective sites for bowling centers in New England and Virginia.

The company, through wholly-owned subsidiaries to be formed, plans to continue to construct and operate modern, air-conditioned bowling centers serviced by cocktail lounges, snack bars, restaurants, meeting rooms, rental lockers, bowling equipment shop and nurseries to take care of children of housewives. The nurseries for the care of the children are to stimulate increased day-time bowling by mothers.

N. Y. Bond Club Stock Issue

The Bond Club Stock Exchange, which opens for trading once a year at the Bond Club of New York's annual Field Day, is making its annual offering to members of 2,500 shares.

J. Howard Carlson, Carl M. Loeb, Rhoades & Co., who heads the Bond Club Stock Exchange Committee this year, said that trading in the shares will take place in a special Stock Exchange tent on grounds of The Sleepy Hollow County Club, where the outing will be held on June 3. Subscription books will close on May 25.

Drop a Line to Thomas J. Euper

Thomas J. Euper of Revel Miller & Co., Inc., Los Angeles, has been confined to the hospital for the past two months. He would be glad to hear from his many friends throughout the country. A Shane McOmber, Revel Miller & Co., Inc., 650 South Spring Street, Los Angeles 14, California, will take all messages and cards to him.

G. J. Mitchell Branch In New York City

G. J. Mitchell Jr. Co. has opened a branch office at 155 East 44th Street, New York City, under the management of Vincent C. Mitchell.

Joins Carolina Securities

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C. — J. T. Clark, Jr., has joined the staff of Carolina Securities Corporation, Insurance Building.

N.J. Natural Gas Debs. Offered

The company is offering holders of its common stock rights to subscribe for $3,830,000 of convertible debentures, 5¼% series due 1970, at the subscription price of $50 per $50 convertible debenture, on the basis of $4 principal amount of debentures for each share of common stock held of record on May 6, 1960. The subscription offer will expire at 3:30 p.m., New York Time, on May 27, 1960.

Allen & Company is manager of a group that will underwrite the offering.

Net proceeds from the sale of the debentures will be applied by the company to the partial payment of outstanding short term bank loans, proceeds of which were used to finance in part the company's construction program. Construction expenditures in the fiscal year ending Sept. 30, 1960, are estimated at approximately $3,100,000.

The debentures are convertible into common stock starting Jan. 1, 1961, at an initial conversion price of $22 per share, provided, however that not more than one-third of the entire issue may be converted prior to Jan. 1, 1962, and not more than two-thirds of the issue may be so converted prior to Jan. 1, 1963. The debentures will be redeemable at optional redemption prices ranging from 105.25% to par, plus accrued interest.

New Jersey Natural Gas Company, with headquarters in Asbury Park, N. J., is engaged in the purchase, manufacture, distribution and sale of gas for domestic, commercial and industrial consumption in three service divisions: (1) the Northern Division, located in Morris County; (2) the Central Division, principally located in Monmouth and Ocean Counties, and (3) the Southern Division which embraces Cape May County. In all, the company supplies gas to 104 municipalities which have an estimated aggregate population of 577,600.

For the 12 months ended March 31, 1960, the company had operating revenues of $17,025,689 and net income of $1,374,799. Upon completion of the current financing, outstanding capitalization of the company on pro forma basis will consist of $20,330,000 of sundry debt; 103,855 shares of 7% cumulative preferred stock, and 907,729 shares of common stock.

New Walston Wire

Walston & Co., Inc. has installed a new high speed teletypewriter system linking the New York headquarters with its various regional offices. The system steps up the firm's communications to a 100-word-per-minute tempo and cuts by one-third the time previously needed to transmit buy and sell orders.

I. M. Simon Branch

CARBONDALE, Ill.—I. M. Simon & Co. has opened a branch office at 213 West Main Street, under the management of Charles J. Lerner and Wallace F. Springer, Jr.

MUTUAL FUNDS

BY ROBERT E. RICH

Sizable But Unfashionable

It can hardly be a secret, at this late date, that managers of investment portfolios have been taking a dim view of the steels. Indeed, their aversion to this group of equities goes a long way to explain the sharp decline sustained by the steel issues this year, ranging upward from 25%.

Although the steels are cyclical by nature, it is nevertheless a fact that veteran Wall Streeters regard them as the bread-and-butter stocks. It is not for nothing that United States Steel has been called the stock market bellwether.

And it is apparent that investment leaders haven't abandoned them completely. Far from it. For, according to the National Association of Investment Companies, more than $900 million of steel securities — common stock, preferred stocks and bonds—are held by the investment company members. A survey based on latest financial reports available shows that securities of 70 companies in the steel industry are held by 154 of the 180 open-end and closed-end members. Considering that the mutual funds' assets only tote up to little more than $15 billion, the steel holdings plainly are sizable even though unfashionable.

The N. A. I. C. figures that nearly 93% of the steel holdings is represented by common stock (66 companies). This stock has a total value of nearly $850 million. The mutual funds did not latch onto the steels until after 1953, when they were on the bargain counter. United States Steel in those days was priced to yield about 9%. By 1960 the stock had risen sixfold, although the decline sustained in the early months of this year has carried it down quite a way. Other steels have staged similarly sensational rises since 1953. In 1952 and again in 1953, the steels ranked 15th among industrial favorites of open-end companies.

By 1954, the shrewd portfolio managers had loaded up with enough steel to put that industrial grouping in sixth place. The steels remained in sixth place in 1955, but moved up to fourth in 1956 and have clung to that position ever since. Ahead of them are the front-running oils, which have been even more unfashionable of late, and the financials (banks and insurance) and public utilities, including telephone issues.

However, the fifth-ranked chemicals have been pressing in on the steels and unless there is a better feeling presently toward the ferrous equities, it may be that the chemicals, which occupied the third slot before the Great Bull Market got underway, will move ahead of the steels.

The comprehensive analysis of investment - company portfolios, made by A. Wilfred May in our issue of May 5, showed that while the steels were falling into disfavor in the first quarter of this year, the chemicals were attracting buyers. Not that the feeling was unanimous—far from it. Thus, while a dozen funds were buying Du Pont, another half dozen were selling. And it is interesting to note that the best-liked in the group was Eastman Kodak which, Wall Streeters insist, is a "semi-chemi."

According to the latest tabulations, the most widely held common stock issue in the steel group is United States Steel, with 75 investment companies having holdings with a total value of over $213 million. Thus, the biggest company is accorded the top spot. But the second largest entity, Bethlehem Steel, is fourth—both in numbers of companies owning that stock and the amount at which the bundle is valued. The second place goes to Armco Steel, which is followed by Republic.

With a banner first quarter behind them and the second-quarter operations running around 75%, the steel business is still highly profitable. It may get worse, of course, before it gets better. But the seasoned men who manage investment portfolios are aware that the kingpins of this industry are well financed and, for the most part, keeping plant up to date. Generally, the steelmakers are earning dividends with plenty to spare.

To be sure, they are not without problems. Costs of labor and materials have been rising. Plant-replacement costs come high these days. And obtaining offsetting price increases will be difficult, owing to Government pressure, competition from abroad and the added competition at home from substitute materials. But if the steel stocks don't spell growth in 1960 to investment leaders, they do represent bread and butter.

The Funds Report

de Vegh Investing Co., Inc. reports net asset value per share declined from $18.76 to $17.50 during the latest quarter. Assuming the reinvestment of the capital-gains distribution of $1.14 a share on March 25, this represents a decrease of 10.1%.

* * *

Keystone Income Fund Series K-1 reports income is presently derived from over 100 different securities in the portfolio. The 24 bond issues account for about 20% of total net assets, 41 preferred stocks 40% and 39 common stocks for 40%. According to the company: "The proportionate holdings among these general types of securities were approximately the same as at the 1959 fiscal year-end, but a number of changes were made in the specific companies represented."

* * *

Niagara Share Corp. puts net assets of $8,218,284, or $18.85 a equal to $21.68 a share. This compares with $61,930,191 and $22.90 a share a year earlier.

* * *

Wisconsin Fund net assets at March 31 amounted to $15,210,936, or $6.04 on each of the 2,602,068 shares outstanding, against $14,-854,563, $5.99 a share and 2,480,019 shares a year earlier.

* * *

Guardian Mutual Fund reports that as of April 30 it had net assets of $8,218,284 or $18.85 a share and 435,966 shares outstanding. This compares with $7,564,670 and $20.61 a share on each of 366,955 shares outstanding on April 30, 1959.

* * *

New York Capital Fund of Canada reports that at March 31 net assets totaled $29,103,441, or $12.51 on each of 2,325,509 shares, against $28,362,070 and $12.51 a share on 2,266,470 shares a year earlier. The fund reported at the close of last year net assets of $31,295,866, or $13.16 on each of 2,377,411 shares outstanding.

* * *

Selected American Shares announced net assets at March 31 were $95,991,194, or $9.35 a share, against $93,922,958 and $9.82 a share at March 31, 1959, and compared with $104,849,064, or $10.28 a share, at the end of 1959. Shares outstanding amounted to 9,560,256 on March 31, 1959, rose to 10,194,-423 at the end of 1959 and stood at 10,925,635 at latest report.

Johnston Mutual Fund net assets at the end of the first quarter amounted to $11,793,818, equal to $23.82 a share. This compares with $9,297,916 and $23.14 a share a year earlier. At Dec. 31, 1959, assets were $11,460,390, or $24.42 a share. Shares outstanding rose from 401,776 on March 31, 1959, to 469,219 at the end of 1959 and to 495,093 at latest report.

* * *

Peoples Securities reports net assets on March 31 stood at $5,019,568, or $16.38 on each of the 306,427 shares, against $2,423,132 and $15.45 on each of the 156,802 shares at the end of March, 1959.

* * *

Stein Roe & Farnham Stock Fund discloses net assets at March 31 were $11,739,132, the equivalent of $27.25 a share, compared with $7,757,099, or $25.53 a share. Share total rose during the year to 430,778 from 303,810.

* * *

Stein Roe & Farnham Balanced Fund had net assets of $42,921,660, equal to $35.21 a share on 1,218,-893 shares at March 31. This compares with $42,852,768 and $38.62 on 1,109,555 shares outstanding at the end of 1959.

* * *

T. Rowe Price Growth Stock Fund reports that at March 31 net assets amounted to $29,782,457, or $13.19 on each of the 2,258,808 shares outstanding. Comparable figures for a year ago were $19,391,500 and $12.67 on each of 1,530,108 shares. Net assets at Dec. 31, 1959, were $28,542,829, or $3.70 on each of 2,083,224 shares outstanding.

* * *

Blue Ridge Mutual Fund reports net assets at March 31 totaled $31,974,096, equal to $11.01 a share, against $34,128,687 at the end of 1959.

* * *

Colonial Energy Shares net assets amounted to $60,862,515 and $11.84 a share on March 31, down from the $69,139,448 and $13.72 a share reported a year earlier.

* * *

Growth Industry Shares had, as of March 31, net assets of $22,091,-208, or $18.97 on each of the 1,164,840 shares outstanding. The corresponding figures for March 31, 1959, were $17,320,525, $18.29 and 946,896 shares. At the close of 1959 net assets were $22,293,442, equal to $20.12 on each of the 1,108,149 shares outstanding.

* * *

Delaware Fund has just completed new common stock positions in Swift & Co. and Philip Morris, D. Moreau Barringer of Delaware Management Co., Inc. reports in the investment advisory firm's latest semi-monthly directors' letter. Generally categorized as consumer stocks, both, he writes, are supposed to be relatively free of the severe cyclical swings experienced by capital-goods producers. Though subject to fluctuation of gross and net, he says "there is an implication that a general retreat of capital-goods activity will not necessarily carry these companies' business down in its train."

* * *

Net asset value of the common stock of **Electric Bond and Share Co.** at March 31, 1960 was $152,-224,900, or $28.99 a share, 4% lower than asset value at the 1959 year-end of $159,158,800, or $30.31 a share, reflecting "the generally lower security market levels prevailing at the later date." Largest group of assets is its marketable securities portfolio, consisting of 34 companies, with a market value at March 31, 1960, of $67,798,300. These securities, together with net current assets and short-term investments, amounted to 59% of total assets. The remarkable securities portfolio includes securities having a value of $48,583,400, acquired since the commencement of the investment program in April, 1954, and the unrealized appreciation on these securities at March 31, was $15,853,400, an increase of 48% over cost.

* * *

United Funds, Inc. declared a dividend of 7 cents a share from net investment income on United Science Fund shares. A distribution of 3 cents a share from securities profits was also declared. The dividend and distribution are payable May 31.

* * *

Federated Investors, exclusive distributor of **Income Foundation Fund,** has acquired substantially all the shares of **Federated Research Corp.,** investment advisor to the fund.

John F. Donahue, President of Federated Investors, reported the acquisition to shareholders in the annual report. Mr. Donahue pointed out that the acquisition makes Federated Investors a "true distributor - management" company in the mutual fund field. Initial public offering of Federated Investors shares was made last August.

The company, which specializes in sale of contractual investment plans on Income Foundation Fund through its own sales force, reported 1959 plan sales in the face amount of upwards of $28 million. Total face amount of such plans active at the year-end amounted to almost $72 million, according to the report.

The report estimated Federated Investors' share of commissions still to be received on these plans at more than $2 million. "Like an iceberg," the report noted, "most of the earnings from investment plans sold are hidden from view because they are to be received in the future." It was explained that the company's share of commissions earned on $1 million of contractual plans sales is approximately $30,000 but that only one-eighth of this sum comes down in the year of sale.

* * *

The fiscal year just ended marked the close of the tenth year of operations, James H. Orr, president of **Colonial Energy Shares, Inc.** told shareholders in the Fund's Annual Report for the year ended March 31, 1960. Orr pointed out that during the first decade of the fund's existence net assets grew from approximately $6 million to over $60 million. Net asset value per share increased from $7.51 on July 21, 1959, to the equivalent of $16.84 on March 31, 1960, after adjusting for cumulative distributions from realized gains of $5 per share and a 2-for-1 stock split in 1955.

Net asset value per share on March 31, 1960 was $11.84 per share. Adjusting for the 46-cent capital gains distribution declared at the fiscal year-end, the per share net asset value was $12.30, which compared with $13.72 a year ago. Income dividends paid by the fund during the year totaled 35 cents per share, the same as last year.

* * *

Fidelity Fund, one of the Fidelity Management Group of mutual funds, reports total net assets of $373,293,107 for quarter ended March 31, 1960, compared with net assets of $372,639,741 on March 31, 1959. The fund reported that number of shareholders and shares outstanding reached new highs during the quarter. Shares outstanding were 25,049,503 on March 31, 1960, compared with 23,131,766 a year ago. New securities added during the quarter were: U. S. Treasury 4% notes, U. S. Treasury 4¾% notes, U. S. Treasury 4⅞% notes, Federal Intermediate Credit Bank 5¼% Debentures, Federal Land Bank 4⅞% Bonds, Federal National Mortgage Association 5⅛% Debentures, Federal National Mortgage Association 4⅞% Debentures, Coastal States Gas Producing Co. 6% Debentures, Spiegel, Inc. Conv. Sub. 5% Debentures, and the common stocks of Alico Land Development Co., American Insurance Co., Kern County Land Co., Union Texas Natural Gas Corp. Class "A" and Class "B."

Securities eliminated were: common stocks of Abbott Laboratories, Amerada Petroleum Corp., Associates Investment Co., Carpenter Steel Co., Chrysler Corp., Denver & Rio Grande Western R. R. Co., Walt Disney Productions, Houston Lighting & Power Co., Kennecott Copper Corp., Mission Corp., Charles Pfizer & Co., Inc., Republic Natural Gas Co., and Reynolds Metals Co. 4¾% cum. pfd. "A" and Tidewater Oil Co. cum. pfd.

Managed Funds Shareholders Endorse Channing

Shareholders of Managed Funds Incorporated of St. Louis have approved investment management and distribution agreements with Channing Corporation of New York at the shareholders meeting May 6.

Van Strum & Towne, Inc. was approved as investment advisor by 13,356,734 votes, or over 70% of the total 18,822,877 shares outstanding. Only 78,505 voted against approval or less than one-half of one percent.

Hare's Ltd. was approved as national sales distributor by 13,-304,005 votes, or over 70% of the total outstanding. Only 131,234 voted against approval, or less than six-tenths of one percent of the outstanding shares.

Leicester W. Fisher, President of Managed Funds, said the vote approving the service agreements with the Channing organization represented the largest vote ever received by any group in the entire history of Managed Funds. The virtually unanimous approval was especially gratifying in view of the recent close proxy contest with the Townsend interests a mere six weeks ago.

John S. Kramer, attorney for Channing, reported that a new prospectus for Managed Funds was filed with the Securities and Exchange Commission April 21 and clearance is expected later this month.

King Merritt, President of the international sales organization of King Merritt & Company, Inc., announced that immediately thereafter a national sales campaign of Managed Funds would be launched throughout the country. He added that many former Managed Funds salesmen had joined his company and though others would do so now that their customers had expressed approval of the Channing organization.

Chicago Analysts Election Meeting

CHICAGO, Ill.—The Investment Analysts Society of Chicago will hold their annual election meeting on June 10th. A slate will be presented by the newly appointed nominating committee, comprising Clarence E. Torrey, Jr., A. G. Becker & Co., Incorporated, Chairman; Russell J. Eddy, William C. Norby, Richard H. Samuels, and Neil E. Heikes.

To Form Bernstein Co.

SCARSDALE, N. Y.—As of May 5th, D. J. Bernstein & Co., members of the New York Stock Exchange, will be formed with offices in Scarsdale. Mail address of the firm is P. O. Box 657. Partners will be Daniel J. Bernstein, member of the New York Stock Exchange, and Samuel W. Weiss, general partners, and Harry Silverson, limited partner.

Mitchum, Jones Partners

LOS ANGELES, Calif.—On May 5th, William N. L. Hutchinson and William W. Bliss will become limited partners in Mitchum, Jones & Templeton, 650 South Spring Street, members of the New York and Pacific Coast Stock Exchanges.

Edw. Glassmeyer College Trustee

Edward Glassmeyer, a Vice-President and director of Blyth & Co., Inc., investment banking firm, has been elected a trustee of Athens College. Mr. Glassmeyer is also a Vice-President and a Governor of the Investment Bankers Association of America, representative organization of the nation's investment banking industry.

Edward Glassmeyer

The college is American-endowed and has an enrollment of 1,200 boys whose ages range from 9 to 19 years.

The administration of the college includes a Greek board of trustees functioning in Athens and an American board of trustees in New York, the latter being the parent body of the college. An American president, Homer W. Davis, and a Greek co-director share the responsibility of direction.

To Mark 50 Years of Consumer Credit

A national committee of leading bankers has been formed to conduct a nation-wide program of public education this year marking the fiftieth anniversary of consumer bank credit, Thomas C. Boushal, board chairman of The Bank of Virginia, and chairman of the committee, announced.

Named the "National Committee for 50th Anniversary of Consumer Credit in Commercial Banks," the group includes thirty bankers who are leaders in consumer credit. The members in each Federal Reserve District will organize regional committees to enlist the support of the state banker associations, and to encourage local banker and community activities throughout the country, according to Mr. Boushall.

Mr. Boushall announced the naming of the following executive committee of the new national group: Chairman, Ralph W. Pitman, senior Vice-President, Central-Penn National Bank, Philadelphia; Walter E. Kolb, President, Industrial Bank of Commerce, New York; John B. Paddi, Vice-President, Manufacturers Trust Company; J. Andrew Painter, Vice-President, The First National City Bank; John Reilley, senior Vice-President, The First Pennsylvania Banking and Trust Company, Philadelphia; Clinton W. Schwer, Vice-President, The Chase Manhattan Bank; and James P. Winchester, executive Vice-President, Norfolk County Trust Company, Brookline, Mass.

Other members of the national committee are: Jo Abbott, Vice-President, Valley National Bank, Phoenix, Ariz., Donald Z. Albright, Vice-President, Security First National Bank, Los Angeles; Frank E. Bauder, Vice-President, Continental Illinois National Bank and Trust Co., Chicago; Joseph E. Birnie, President, The Bank of Georgia, Atlanta; Keith G. Cone, Vice-President, La Salle National Bank, Chicago; P. L. Corneil, Vice-President, Seattle-First National Bank; Carl M. Flora, Vice-President, First Wisconsin National Bank, Milwaukee; O. W. Fosher, Vice-President, Mercantile Trust Company, St. Louis; Paul R. Geisinger, Vice-President, The National City Bank of Cleveland; John L. Gibson, Vice-President, Republic National Bank, Dallas, Tex.; Thomas W. Gormly, Vice-President, Pittsburgh National Bank; Joseph A. Hudson, Vice-President, Lincoln Rochester Trust Company, Rochester, New York; Cyril J. Jedlicka, senior Vice-President, City National Bank & Trust Company, Kansas City; T. M. Kulp, Vice-President, First National Bank, Minneapolis; Robert S. Nooe, senior Vice-President, Wachovia Bank & Trust Company, Winston-Salem, N. C.; Donald O'Toole, President, Pullman Banking Group, Chicago; William F. Reed, Vice-President, Mellon National Bank & Trust Company, Pittsburgh; J. L. Rieben, Vice-President, First Security Bank, Salt Lake City, Utah; Hal E. Roof, Vice-President, The Central Bank & Trust Company, Denver, Col.; W. A. Spaugh, Vice-President, American Security & Trust Company, Washington, D. C.; A. F. Wagele, Vice-President, Bank of America, San Francisco; and Paul M. Welch, Vice-President, The Citizens & Southern National Bank, Atlanta.

Walter Pidgeon Steel Products Stock Offered

Mainland Securities Corp. of Hempstead, Long Island, N. Y. on May 9 publicly offered 75,000 shares of Walter Pidgeon Steel Products, Inc. common stock (par 10 cents) at $4 per share as a speculation.

Of the net proceeds, $50,000 will be used for tooling and machinery for manufacturing plant (negotiations to lease a plant are presently being conducted); $50,000 for inventory of fencing and door components; $50,000 for advertising allocation; and $45,000 for general working capital.

The company sells steel fencing which is fabricated from tubular steel in such a fashion as to give the finished product the appearance of wrought iron fencing. At present, all manufacturing and fabrication of the fencing is done for the company by Westmoreland Metal Manufacturing Co., Milnor St. and Bleigh Ave., Philadelphia, Pa.

In Securities Business

American Israel Basic Economy Company is engaging in a securities business from offices at 681 Fifth Avenue, New York City. Emmanuel Sella is a principal.

Phila. Secs. Men Hear

PHILADELPHIA, Pa. — Cameron Chisholm, chairman of the board of Teleflex Incorporated will be guest speaker at a luncheon meeting of the Philadelphia Securities Association on Wednesday, April 27 at Kugler's Restaurant.

Henry McK Ingersoll of Smith, Barney & Co. is in charge of arrangements.

With Dempsey-Tegeler

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — William L. Anderson and John O. Mills have become connected with Dempsey-Tegeler & Co., John Hancock Bldg. Mr. Anderson was formerly with Bingham, Walter & Hurry. Mr. Mills was with Mittelberg Company.

How Long Can We Continue To Live With Our Fiction

Continued from page 1

them aside as reserves against emergencies.

Presently, the American taxpayer is loaded with **$9½ billion** a year for interest on the **$290** billion Debt, nearly **twelve cents** of every dollar of federal revenue. Are we to believe that we would be no better off if taxes were 12% lower—even though the bondholders would receive that much less? (Could they not have invested in other securities?) By the same token, no tax ever is a burden, provided that the money taken from a domestic Peter is "transferred" to a domestic Paul, which is **what usually happens.**

Note, how neatly the argument for the public debt's alleged economic innocence fits into the not-so-innocent frame of mind of the demagogues who plead for Wealth Redistribution. **Why not** indulge in such **"transfers"** by which the loss of one side is compensated, supposedly, by profits of the other? By promoting the Something-f o r-Nothing illusion, debt-making serves not only as the motor of Inflation, but also as an intellectual vehicle of Collectivism.

The Economics of the Debt

The interest charge on the National Debt is a strategic element in the federal budget. **Without** the $9½ billion—minus $2 billion, maybe, allowing for the bondholders' income tax—among the "overhead" costs of government, the budget could be held in balance and the debt reduced, still leaving funds available for tax cuts.

The national debt burdens the economy in more than one way. New money the government borrows is taken out of the nation's "pool" of savings: $7 billion in 1958, $5 billion in 1959. That much less is left to other borrowers—business, consumers, local authorities, home builders. A shortage of capital is engendered and interest rates mount, raising production costs and living costs, in addition to the government's own costs of operation.

For another thing, what did the government do with the money? Little if any of it had been invested in a productive fashion. Wherever it went, almost no return flows back. Its interest charges are not covered by forthcoming earnings, as in the case of reproductive (self-liquidating) investment. Instead, the charges have to be paid out of taxes—paid largely by people engaged in production — and a disincentive is fostered.

Some of the borrowing was necessary, to be sure. It is scarcely possible to cover all war expenditures out of current revenues. But even during wars, the abandon with which the responsible politicians plunge into borrowing—of the most dangerous short term variety, preferably—is something to behold. And what justification is there, in this most prosperous postwar era for not reducing the debt, nay, for raising it further? We shall come back to that.

Of course, it is much easier to win support for public spending out of future generations' income than at the living (and voting) taxpayers' expense. The latter resent higher taxation—especially so, when the burden is very heavy already — while the f o r m e r cannot talk back. By recourse to borrowing, a singular hurdle to reckless projects (with popular appeal) is eliminated. And something else is eliminated: the rational control over the use of the borrowed funds. As Adam Smith wrote nearly 200 years ago, speaking of the difference between private and public debt:

"a creditor of the public, considered merely as such, has no interest in the good condition of any particular portion of the land, or in the good management of any particular portion of capital stock. As a creditor of the public he has no knowledge of any such particular portion. He has no inspection of it. He can have no care about it. Its ruin may in some cases be unknown to him, and cannot directly affect him."

Budgetary controls are a highly unsatisfactory substitute for the lender's "inspection" of individual credit risks, least satisfactory on the postwar scene, when the Congress cannot even figure out the exact state of fiscal commitments, nor the government its own operational condition. The federal budget is in a mess, perpetuated by the demagogues' disposition to take credit for current welfare spending and leave the debit to their successors.

The sheer size of the American national debt should provide food for thought. Instead, it provides the inflationists with a hollow argument. Why, the "bankers" were hollering about national bankruptcy if the Debt should pass $50 billion. Now, we are close to $300 billion, and the hollering has subsided. What matters is not the actual size of the debt but its proportion to the national income gross or net (take your choice), ignoring the fact that the two rise together: more debt means more paper-income. If the Debt rises faster, that is no problem either. One simply declares that the new proportion is the right one. The richer the nation, the greater its ability to pay and the more it can borrow, a reasoning which at least recognizes that the Debt **is** a burden. But it does not recognize the fact that in the process of accumulating it, prices had been inflated, the credit structure distorted, the savers short-changed, the nation's financial standards corrupted, and the foundations of the free enterprise system impaired. Misgivings of sane minds were due to the foresight that unsavory practices would have to be used in "selling" a blown-up volume of obligations, and a chain reaction of sickening repercussions to be expected.

Fiscal Legerdemains

Our national debt is equal to **three-fifths** of the annual gross national product, nearly double the public debts of all non-Soviet countries combined. How can the American capital market carry such a load of **parasitical claims** and still function? By a number of financial tricks and deceits, all contrary to the operational rules of the free market, some even to the criteria of the criminal code.

Let us consider the distribution of the Debt by major categories of holders, starting with the sum $50 billion in the Treasury's trust funds, largely the social security, the railroad pension and the veterans life insurance accounts.[1] These funds represent the excess of special payroll taxes over and above the amounts disbursed. The managers of an insurance or of a trust company would soon be out of business if they invested in their own obligations the funds entrusted to them. But that is precisely what the government does. It diverts the earmarked revenues into general expenditures and puts its own I.O.U.'s in the respective accounts. It considers these well-"placed" obligations as owned by itself—the Treasury's one pocket owes it to the Treasury's other pocket. Nothing to worry about. The Sovereign cannot be put in the penitentiary.

Continental s o c i a l insurance systems, notably the German, are autonomous bodies that invest their reserves traditionally in bonds of private (publicly regulated) mortgage credit institutions—rather than in government obligations.

The interest on these well-placed bonds is "paid" in more I.O.U.'s. What if outgoing payments should exceed the contributions? Why, that is simple; the rate of the levy will be raised, or more people forced to take the "insurance." A more ingenious piece of financial legerdemain is hard to invent. Quite logically, the bureaucrats figure that since agencies of Uncle Sam hold the obligations of Uncle Sam, the two sides of his ledger cancel out. Accordingly, 50-odd billion dollars are deducted from the "gross' national debt. The "net" debt is reduced by that amount—adding a statistical legerdemain to the financial. In any case, one-sixth of the Debt is no "headache" to the Debt Managers.

Falsifying Bank Balance Sheets

There are several other dumping places for federal securities, agencies that have no other choice in investing their funds, though they are not organs of the Treasury. One is the—Central bank. The Federal Reserve holds some $25 billion which are being "rolled over" from one maturity date to the next. Another interesting case in point is the Federal Deposit Insurance Corporation. It sinks the "insurance" premiums paid by the banks into long-term government bonds, accumulating so far about $2¼ billion worth — as a guaranty fund for some $140 billion of "insured" bank deposits. The FDIC itself has brought out in its Report for 1957 that, in effect, deposit insurance is relevant only in a bank crisis—in which case it would not be helpful at all. All its funds would be exhausted at once if a single one among the eight or ten biggest banks would get into trouble, to say nothing of a widespread run. (The public's impression that this is an insurance like any other rests on the belief that the Government guarantees the deposits, which it does not.) On top of that, to cover even a very small fraction of the "insured" deposits, the FDIC would have to liquidate its own holdings and break the bond market. Not only is this a phony arrangement which misleads the public, but it also induces the banks to neglect building up proper capital accounts for the protection of the deposits, relying on the "insurance"—and on their own holdings of government securities.

That brings us back to the some $65 billion of Federal securities held by the banking fraternity, equal at the end of 1959 (on the books) to about 25% of their total deposits. Insurance companies and savings and loan associations are holding another $20 billion. The institutions are under no compulsion to buy and are free to sell—legally. **De facto**, they have a limited choice only. They are cajoled (and bamboozled) into buying and retaining these securities, in violation of economic common sense, business ethics, and governmental responsibility.

A corporation publishing faked balance sheets would be barred from every stock exchange. It may even face criminal prosecution. The objective is to protect the investor against fraud. But the same fraudulent practice is legalized so far as commercial and savings banks are concerned. They can carry government bonds on their books **at par** value. A $1,000 bond may be quoted on the market at $800 or less; the balance sheet of your bank still may show it at $1,000. The purpose of this regulation, adopted by all federal and state supervisory agencies, also by the SEC, is to give those bonds a sacrosanct status, guaranteed against book losses. Thereby, they are promoted to absolutely safe and "liquid" investments. The bank examiners count the federal bonds, whatever their maturity and actual price, as **prime liquid** assets, just like cash. The more bonds in the portfolio, the more liquid is the bank, by the examiners' standards, and never mind the losses. (The more loans, the less liquid is the bank, and never mind the quality or maturity of the loans!)

Small wonder that the banks purchase long term federal obligations, thereby creating a market for them. The result is that with rising interest rates and declining values of medium- and long-term securities (as in 1958-60), the modest capital accounts—reserves against losses — are impaired in most banks! In a number of them, the entire capital and surplus had been lost. In some, even a part of the deposits was wiped out. But the public knows nothing about this sad situation. No newspaper dares to discuss it or the preposterous practices of the government at the root of it. The "Silence of the Sea" covers them up. Those on the inside (and insight) hope and pray—that a Recession will reduce the pressure on the capital market, raise bond prices, and wipe out the losses. Very likely, it will; but what about the next "cycle"? For how long, or how many times, will the depositors and savers permit themselves to be fooled? Sooner or later every legerdemain, subtle as it may be, is exposed—and backfires.

A further consequence is that the bond portfolios "freeze in." By selling them, the banks would disclose their losses which would skyrocket if major amounts were liquidated. While the boom and high interest rates obtain, the "prime liquidity" turns out to be the very opposite unless the bonds are monetized at, and the losses shifted on, the Federal Reserve. **How long can** the central bank be relied upon to resist the "temptation"?

The foregoing is merely the beginning of the "story" of the National Debt. Its impact on the monetary system—and on the free enterprise system — constitutes a special chapter, to wit.

The "Rationale" of Inflation

Does it matter how large the National Debt is? Not really, quoting a widely used college textbook:

"There is no sign that a high debt exhausts the credit of the government . . . and since as a last resort 'it can borrow from itself,' there need be no fear on this account."

But a large debt **necessitates** money-printing and brings about price inflation. What is wrong with that, answers the same Source of Wisdom:

"If we could only export one of the printing presses used for the manufacture of Federal Reserve Notes, to let us say, China, our foreign investment would be enormously higher."

One thing is certain: we do not have to export money-printing presses. That kind of technology is fully developed everywhere, especially so in the so-called underdeveloped countries. They do exactly what we are doing—monetizing the public debt. In fact, they are more "progressive" in this respect than we are, or more impatient, and use fewer formalities. Instead of a slow monetization, they indulge in the self-accelerating process.

Debt monetization virtually is forced upon the Government by the colossal volume of the Debt. To attempt collecting say, $100 billion savings, or even $50 billion, for permanent investment in Government bonds is out of the question. Interest rates would have to rise to prohibitive heights, and the flow of capital into mortgages, corporate and municipal bonds greatly reduced, if not stopped altogether. To avoid "excessive" interest rates and an excessive drain on the long-term funds, the Treasury is driven into the short-term money market. At this writing, $70-odd billion obligations are maturing within one year. Another $48 billion savings bonds and $7 billion convertibles belong, in effect, in the same category, adding up to almost one-half of the gross debt. Then, too, $62 billion are due in one-to-five years, which is still a very short range.

To borrow short is very convenient—for financial charlatans. No problem of "placing" the bonds; most of the time, banks and others with excess cash can use three-to-nine-month Treasury bills, one-year certificates, and s i m i l a r instrumentalities. They are as good as cash and yield a return, too. They are equivalent to cash because the Treasury never defaults (how could it when it may print the money with which to pay—"borrow from itself") and there is a safe and secure outlet for them — in the central bank. The Federal Reserve is here to pick up the slack, if any, and to turn it into legal money. To monetize this kind of debt is not a legal, but a political **must.** Otherwise the entire credit structure would be doomed, not only the Treasury's own credit.

In the final analysis, our credit system and our economic "security" rest on the National Debt. Three-fifths ($25-odd billion) of the Federal Reserve's assets consist of public securities. They constitute most of the "cash" reserves of the corporations and savings-loan associations. They constitute one-half to two-thirds of the banks' "liquidity." Actually, virtually every cent of what we consider as prime liquid assets is either Government paper or a claim on Government paper.

The most paradoxical situation obtains in the banks. If a bank makes a legitimate, productive, self-liquidating loan to business, its over-all liquidity goes down. It has acquired a "risk" asset (even if the credit involves no risk whatsoever); and its liquidity position has "worsened." But if it loans the same amount to the Government—every purchase of a Treasury security amounts to that — then, by an unproductive, never-to-be-repaid loan, its liquidity position has improved. It "improved" for two reasons: because the long-terms can be carried at par on the (window-dressed) bank balance sheets, and because the shorter-terms have a safe and secure market in the central bank — the money printing press.

Fictional Finance and Monetization

The implications of this imaginary liquidity are devastating, as demonstrated by the behavior of the average banker. He finds that 50% or more of his assets are "prime liquid" — either Government paper, or claims on paper money to be issued against Government paper. The purchasing power thus created has nothing to do with gold or silver or marketable goods or anything tangible, present or future. But his bank exudes "liquidity;" nothing to worry about. Within very broad limits, he can proceed to make loans in almost any illiquid fashion; legally and statistically, his situation remains comfortable and unassailable, provided he observes the customary rituals It makes little difference how far the maturity of his business loans, mortgage loans and "other" loans is stretched; or how good the credit of the respective debtors is. He pours out instalment credit by mortgaging the car and forgetting

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[1] Smaller amounts are "tucked away" in the federal road fund and other accounts of the Treasury.

to check on the car's owner; uses sight deposits to extend term loans (up to ten years) on oil-in-the-ground without a thought to the future price of over-produced oil; he finances construction that will pay its way only if the inflation continues indefinitely; gives, and is encouraged to give, mortgage credit to young couples with or without secure jobs at little or no down payment; and so on.

Financially, we live in a world of fiction, as we did in the 1920's. Then, a gigantic structure of speculative values—the Stock Exchange—provided the fictitious liquidity that oiled the wheels of a mythical Eternal Prosperity (on which, in turn, the Stock Exchange values rested, closing the vicious circle). Now, a gigantic structure of artificial bond values generates the lubricant of an equally fictitious Prosperity—at mounting costs, prices, and tensions—based on the implicit myth of the central bank's inexhaustible capacity to maintain, by debt monetization, the system's liquidity.

The direct monetary consequences are patent. Suppose the Federal Reserve would refuse to buy, or to loan on, any more obligations of the national Government (to say nothing of an attempt to unload an unappreciable portion of its portfolio). The demand for those obligations could dry up overnight. Banks, financial institutions, business corporations, individuals, all would find themselves in a highly uncomfortable condition. Instead of swimming in liquidity, actual or potential, they would be faced with far-reaching liquidations. A scramble for "cash" might develop even into an old-fashioned money panic. At any rate, security and real estate values—based as they are on the assumption of an indefinite credit flow—would be in for a severe beating.

But why should the Federal Reserve stop monetizing "whenever needed" to maintain the fiction of ample liquidity? And if it were reluctant, what would stop the Congress from forcing the central bank's hand? I do not doubt that the Congress is almighty—so far as legislation is concerned. The question is, merely, whether economic forces can be out-legislated. As things stand now, debt monetization by the Federal Reserve could not be resumed on a major scale without giving a fresh impetus to the vicious wage-price spiral, without impairing the balance of payments and sparking an outflow of gold. Unless we are ready to take another dollar devaluation on the chin—or to accept all-round price, wage and foreign exchange controls—let alone the mass unemployment in the wake of a progressive inflation—the volume of Federal Reserve credit must be kept under strict control. And there is another Damocles sword hanging over the national economy, one that is being neglected, if not ignored, in the controversy about Creeping Inflation.

Living on Overdraft

Technically and psychologically, the inflated national debt is the pillar that holds up an over-inflated and rapidly growing structure of non-federal (municipal, corporate, and individual) debts. That paper-edifice is growing at a faster rate than the money volume or people's net income or their net savings; faster than productive investment or industrial output. Totalling an estimated $587.7 billion at the end of 1959, the net private-plus-municipal debt is now 3½ times what it was thirty years before, when it collapsed by its own weight. But that ominous reminder does not tell the full story. What matters is the self-accelerating growth of the non-federal debt-tower. The addition in 1959—**net**, after repayments—amounted to $57.4 billion, the largest ever, seven billions more than in 1957, the previous peak year, practically equalling its own increase in eight years of the booming Twenties!

Patently, the growth of private, corporate and municipal debts—still leaving aside the Federal debt — finances our economic growth. It is equally patent that the one "growth" must not, and can not, run far ahead of the other. Or how could the debts be serviced and amortized, if not out of the output of the investment which they financed? But the non-federal debt zooms ahead of the G.N.P.; at that a large slice of the G.N.P. consists of things (like military hardware) and services (of bureaucrats, for example) which cost a lot but are not acceptable in payment to creditors.

Recourse on the national debt and its monetization is the "built-in" safeguard of the inflationists. Indeed, it is built-in into his mind. It is a mind equipped with statistics, dialectics, and wishfulness; it lacks nothing but foresight (and hindsight!). Living in a financial Eden, it ignores the serpets in the Garden. The name of it is **Over-Expansion.**

The Curse of the Debt

Speaking of non-federal debts: unless the money is borrowed, in effect, for wasteful consumption or sheer gambling—some of it surely is—it serves to enlarge production and productive facilities. Directly or by indirection, credits (debts) provide the means of expanding the industrial capacity, from inventories and machines to buildings and plants, and the incentive to do so.

But the "leverage" in the financial set-up of communities, corporations and family budgets gets shorter and shorter, heading for a devastating break of the dams which hold a pernicious liquidation from flooding the rampart of our economy. The crisis is unavoidable, as it was unavoidable in the past, when people awaken to the understanding that there are no real values—earning power—back of the excessive capacities and malinvestments which their claims are supposed to represent. Economic growth may be, and has been, fostered for years by a reckless expansion of private and corporate debts. But when the latter "burst at the seams," the Government will not be able to step in to save the day and maintain the growth. It will have no untapped tax sources left, and it will have exhausted its debt resources—overdrawn on its own credit. What remains is recourse on the central bank. By then, money-printing may smooth the liquidation process, at best; at worst, it will bring about sky-rocketing prices. In either case, a period of economic stagnation is bound to be the reward for a prolonged process of capital erosion.

Creeping Inflation's Financial Suicide

Fortunately, there is salvation in prospect, nay, under way. The built-in automatism—a real one, not man-made — of the financial market place slowly but surely terminates the Debt inflation. It does so (if only it is permitted to operate) by raising the interest rates. Rise they must, because of the vast credit demand of the would-be debtors, on top of the mountain of accumulated debts, and the growing reluctance of the capital owners and managers. Savings institutions are compelled to buy fixed interest assets; individual savers may be bamboozled by solemn and meaningless assertions of maintaining Stability together with the freely spending Welfare State, as if they were compatible. However, as more and more capital flows into real estate, common stocks, durable goods, even into sheer "conspicuous consumption," in order to beat the capital erosion, more and more of this spending has to be financed by credit. The result is not only a dwindling return on the "hedges" but also rising costs of borrowing—which spoil the fun and slow down the inflationary momentum.

Creeping inflation is a costly and dangerous luxury which only an economy can afford that is **not** loaded with Debts **as yet.**

ABA Conference In November

Chairmen of committees for the American Bankers Association's 29th Mid-Continent Trust Conference, scheduled to be held at the Drake Hotel in Chicago, Nov. 17 and 18, have been announced by Charles W. Hamilton, ABA Trust Division president and R. Emmett Hanley, president of the Corporate Fiduciaries Association of Chicago. The Chicago association will be host to the conference.

Mr. Hamilton is senior vice-president and trust officer of The National Bank of Commerce, Houston; Mr. Hanley is senior vice-president of the City National Bank and Trust Company of Chicago.

The conference will bring together representatives of bank trust departments in Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas and Wisconsin.

Michael A. Georgen, vice-president and cashier of the City National Bank and Trust Company of Chicago, will be chairman of the Committee on Arrangements. Other committee members are:

Asa J. Baber, Assistant Vice-President, Chicago Title and Trust Company, Entertainment.

Victor L. Bedingfield, Second Vice-President, Continental Illinois National Bank and Trust Co. of Chicago, Registrations.

John S. Dunhill, Assistant Secretary, Harris Trust and Savings Bank, Hotels.

J. A. Gallas, Assistant Vice-President, La Salle National Bank, Information.

M. B. Hagel, Assistant Trust Officer, City National Bank and Trust Co. of Chicago, Auditor.

Robert C. Hansen, Assistant Vice-President, American National Bank and Trust Co. of Chicago, Meeting Places.

Whitfield D. Hillyer, Assistant Manager, Advertising and Public Relations Department, The Northern Trust Co., Publicity.

August J. Hurt, Jr., Secretary, Trust Department, The First National Bank of Chicago, Program.

Phila. Secs. Assn. Annual Outing

PHILADELPHIA, Pa. — The annual outing of the Philadelphia Securities Association will be held on Friday, June 3, at the Aronimink Golf Club on St. Davids Road, Newtown Square, Pa.

The day's events include golf at the Aronimink Club and tennis at the Merion Cricket Club, Haverford, Pa. Following the day's sports activities members and guests will participate in the annual "Stock Exchange" which will precede dinner at Aronimink.

Arrangements for the "Stock Exchange" are being handled by Frederick T. J. Clement, of Drexel & Co. Henry McK. Ingersoll, of Smith, Barney & Co. is Chairman of the Arrangements and Outing Committee.

Forms Share Planning Co.

BRONX, N. Y.—Arthur J. Muccio is conducting a securities business from offices at 1513 Taylor Avenue under the firm name of Share Planning Co.

Asserts Banking Bill Is Invalid

Arthur T. Roth, Chairman of the Board of Franklin National Bank of Long Island will resist, in the courts, invasion of Nassau County by New York City banks because the so-called Omnibus Banking Bill is "null, void and of no effect."

This assertion, he revealed, was made in a letter, sent by counsel for his bank on May 4 to every bank in New York City, stating the new statute "was illegally enacted." He claimed the bill signed by the Governor on March 22 was never actually passed, based on the discovery of "several discrepancies."

Mr. Roth also declared the bill was void on the grounds of unconstitutionality, as indicated in the letters to New York City banks.

Besides the letters to New York City banks, Mr. Roth revealed that his bank's counsel also has advised the Comptroller of the Currency of the U. S. and the N. Y. State Superintendent of Banks of Franklin's intention to take action, in the event a New York City bank seeks to utilize the new statute. Mr. Roth said that counsel has requested the supervisory officials to inform him if such application were made.

Forms Inv. Services

WASHINGTON, D. C. — John M. A. Lecluse is engaging in a securities business from offices at 3028 O Street, Northwest, under the firm name of Investment Services.

St. Lawrence Seaway and Canadian Mineral Industry

Continued from page 9

present there are several aluminum, ferroalloy and electric steel producing plants in the St. Lawrence River valley and additional expansion is expected.

To evaluate the Seaway phase of the St. Lawrence project after only one operational season is, I think you will agree, somewhat premature for several reasons. It was to be expected that the $475-million project would experience some initial operating difficulties. Many boats entered the Great Lakes for the first time in 1959 and, owing to a lack of familiarity with procedure, several delays and minor collisions resulted. During the past 'break-in' year, the United States steel strike had a significant effect, not only on shipping as related to that industry, but on industrial activity in general. In addition, the first half of 1959 witnessed a strong economic recovery from the general recession in the previous year. Clearly we witnessed a year which will tend to mask Seaway trends for the next year or so. When examining specific mineral commodities, however, some indication of what is to follow can be inferred in varying degrees.

Because of the expected importance of iron ore in future Seaway traffic, the remainder of my paper deals mainly with that commodity. Before discussing iron ore, however, I will briefly examine some other mineral and metal commodities as they relate to Canada and the future traffic of the Seaway.

(a) Coal and Coke

Between 1953 and 1958, shipments of coal through the St. Lawrence canals averaged about 1.6 million tons annually. Traditionally, about 99% of this total consisted of United States bituminous coal coming from Lake Erie ports bound for the Quebec market in small boats known as canalers. These canalers can carry about 2,000 to 4,000 tons of bulk cargo. Prior to 1954, these boats usually returned to Lake Erie empty, but in 1954 they began returning with Quebec-Labrador iron ore transhipped at Contrecoeur near Montreal.

With the opening of the Seaway, cargoes of iron ore were carried directly from Seven Islands to Lower Lake ports in boats of 8,000 to 25,000 ton capacity. Since upbound iron ore movements are expected to greatly exceed other downbound bulk cargo movements, empty ore carriers returning to Seven Islands from Lake Erie ports can be expected to compete for available cargoes of coal. In the Lake Erie-Lake Superior movement of iron ore and coal, however, most of the new, large-bulk carriers prefer to return to Lake Superior ports from Lake Erie ports in ballast rather than return with a shipment of coal. Thus, most of the coal shipped to Lake Superior ports is carried in 8,000 to 12,000-ton capacity boats. Such a situation may be expected for the St. Lawrence coal movement as well. In addition, harbor and unloading facilities, demand for small coal shipments and stockpile capacities will also limit the size of carriers used. For some customers, the old canalers will still be required.

Where Rail Still Prevails

During 1957, Quebec consumed about 5.46 million tons of coal of which 3.0 million came from the United States, 2.35 million from the Maritimes and 0.11 million from the United Kingdom. About one-half of the Quebec imports from the United States came via the Seaway. Besides the coal, about 0.5 million tons of coke were consumed and most of this coke originated in the United States with very little coming through the Seaway. The volume of coal and coke from the United States coming via non-Seaway routes would suggest an immediate potential increase in traffic of up to 1.9 million tons for the Seaway. During 1959, there was no indication of a change in shipping patterns for this potential traffic. One consumer of coke received a trial shipment from Chicago via the Seaway but there were little savings in cost, and, although the rate structure will be reviewed periodically, the company plans to continue receiving its coke by rail. One important feature of all-rail shipments throughout the year is that excessive winter rail rates are not incurred as when summer shipments are made by water. In addition, large winter stockpiles are not required. One seller of coal in Ontario and Quebec has indicated that no real benefit with respect to shipping charges has accrued with the opening of the Seaway. However, when more iron ore carriers are built and more 'turn around' time becomes possible, some carriers returning to Seven Islands from Lake Erie may carry coal to Quebec ports.

TABLE I

Canadian Iron Ore—Production, Trade and Consumption 1957-58

	1958*		1957	
Production (shipments)	Long Tons	$	Long Tons	$
Quebec	5,371,026	46,215,671	7,922,275	65,805,057
Newfoundland	4,987,909	37,833,672	7,298,910	57,898,102
Ontario	3,254,020	33,307,549	4,345,630	41,317,629
British Columbia	564,260	4,080,393	319,055	2,200,637
Total	14,177,215	121,437,285	19,885,870	167,221,425
Imports				
United States	2,984,663	28,021,842	3,778,140	32,593,452
Brazil	62,437	909,249	264,192	3,685,845
United Kingdom	201	862	------	------
Chile	------	------	10,367	107,128
Sweden	------	------	5	363
Total	3,047,301	28,932,053	4,052,704	36,386,788
Exports				
United States	8,595,843	77,749,050	12,613,121	110,179,709
United Kingdom	2,000,526	16,212,753	3,047,029	24,283,831
West Germany	810,543	6,144,130	1,097,105	8,294,106
Netherlands	464,540	3,765,352	545,687	4,455,135
Japan	493,332	3,587,471	336,429	2,342,738
Belgium	26,530	215,502	145,675	1,176,397
Italy	------	------	108,675	908,748
France	------	------	79,048	640,630
Total	12,391,314	107,674,258	17,972,769	152,281,294
*Indicated Total Consumption***	4,833,202		5,965,805	

*All 1958 figures are subject to revision.

**Shipments plus imports less exports, but with no account taken of changes in stocks at consuming plants.

Another intangible feature affecting the suppliers of coal to the Quebec market is the size of subventions paid to Maritime coal producers. Any change in subventions would have an influence on the proportion of the market obtained by Maritime and United States producers. A more serious factor affecting the Quebec coal market is the effect of natural gas sales. Natural gas from western Canada first became available to Montreal in 1958. Within the next five years serious dislocations of both coal and fuel oil markets may be expected. Although it is early to measure, natural gas made serious inroads into the coal and fuel oil markets of 1959. After the main dislocation period, the remaining consumers of coal in Quebec should benefit from some decrease in shipping charges once definite shipping patterns and improved Seaway operation are achieved.

If large increases in Seaway coal traffic are realized, it will probably result from increased American exports to Europe at the expense of United States east coast ports. For certain United States mines, shipments via the Seaway will prove to be competitive while for other mines more distant from Lake Erie ports and closer to the east coast, shipments will continue to go eastward by rail to ocean carriers.

(b) Petroleum and Petroleum Products

In the past, petroleum and petroleum products have constituted a significant portion of the old St. Lawrence canal traffic. In general, shipments cannot be expected to increase significantly because of changing patterns in crude oil supply.

Montreal has for many years been Canada's largest petroleum refining centre and has always used foreign crude oil exclusively. Almost three-quarters of the crude oil used in Montreal refineries come from Venezuela and the remainder from the middle east. All but approximately 10% of the total supply is delivered via a pipeline from Portland, Maine, on the Atlantic seaboard, with tanker deliveries up the St. Lawrence to Montreal harbor being the other avenue of supply. In the past, Ontario has been greatly dependent on petroleum products shipped from Montreal refineries and to a lesser extent on direct product imports received via Montreal. This westward movement of products from Montreal refineries into Ontario has been largely by pipeline, with tanker shipments on the old St. Lawrence canals in recent years accounting for only about one-quarter of total inland annual receipts.

Within the past few years, petroleum refining capacity in Ontario has been greatly increased as a result of the building of the Inter-provincial pipeline system from Edmonton, Alberta, to the Lakehead in 1950 and its subsequent extension to Sarnia, Ontario, in 1953 and to Toronto in 1957. With the growing surplus of crude oil producing capacity in western Canada, the pressure to find more markets has been increasing and, in view of the difficulties of obtaining adequate market outlets in the United States, greater reliance is being placed on the Ontario market. This is leading to less dependence on interprovincial shipments from Quebec and it can be expected that petroleum product shipments through the St. Lawrence canals, which declined from one million tons in 1957 to 760,000 tons in 1958, will decline still further during the next 3 or 4 years. With increasing domestic demand for petroleum, St. Lawrence Seaway shipments may subsequently begin to rise moderately although estimated traffic during the latter part of the 1960's will probably not be appreciably in excess of one million tons per annum.

With the new Seaway, some people have suggested that foreign crude oil will find its way to Ontario refineries. Although small shipments have been made, and will possibly continue to be made, they are not expected to exceed shipments made in previous years. In general the large ocean tankers cannot pass through the Seaway, and consequently, the economics made possible by super-tankers shipment will not be realized in the Seaway.

(c) Nonferrous and Ferroalloy Ores and Metals

Copper concentrates produced in Canada in the vicinity of the Great Lakes and St. Lawrence Seaway are smelted mainly at Noranda, Quebec, and in the Sudbury area. Zinc concentrates are shipped to the central and eastern United States. Pyrite concentrates in less significant amounts, go to Canadian and United States chemical plants. Although some zinc concentrates have been shipped to western Europe via the Seaway nearly all are shipped by rail to United States smelters, most of which are situated inland. There does not appear to be any reason for Canadian non-ferrous concentrates to be shipped through the Seaway in any significant amount unless a new market pattern develops.

Refined copper is produced in eastern Canada at Montreal and Sudbury. Overseas exports are by boat from Montreal and continental shipments are largely by rail. Aluminum ingot is produced in Quebec with overseas shipments being made by boat, and continental shipments by rail or by ocean or lake carriers through the Seaway. Nickel matte, nickel compounds and nickel metal are shipped from the Sudbury area and from Port Colborne both in Ontario. Exports overseas move by rail to Montreal, or to the east coast, then by boat. Some shipments from Port Colborne can be expected to go through the Seaway.

Manganese and chromium ores are customarily imported by boat for consumption in the Montreal, Quebec and Welland, Ontario areas. This would suggest that the Seaway may bring about savings in ore shipment costs to the Welland area. In contrast to the Seaway traffic in these ores, the movement through the Seaway of the ferroalloy metals themselves is insignificant owing to existing shipping and trade patterns.

In general, the Canadian nonferrous and ferroalloy ore and metal industries are not expected to benefit greatly from the new Seaway transportation system.

(d) Iron and Steel

Four fully integrated companies are the nucleus of the Canadian iron and steel industry. Of a total steel ingot and castings capacity of 6.7 million net tons as of January 1, 1959, two firms in the Hamilton area accounted for 48.5%; one firm at Sault Ste. Marie, 24.0%; and one firm at Sydney, Nova Scotia, 14.0%. A number of smaller electric steel furnace plants, situated in various parts of Canada, account for the remaining 13.5% of capacity. In addition, there is a non-integrated blast furnace plant at Port Colborne, an electric alloy steel plant at Welland and an electric pig iron and titania slag plant at Sorel, Quebec. The Canadian iron and steel industry is presently capable of supplying about 75% of all primary iron and steel shapes consumed in Canada.

The movement of primary iron and steel products through the St. Lawrence canals has tended to be erratic in nature and, usually has never exceeded 1% of all Seaway traffic. During 1958, perhaps a typical pre-Seaway year, 13,746 tons came up the St. Lawrence canal system from the east destined for United States ports and 11,194 tons went down the canal system to Quebec foundries and electric steel plants. Of all the steel bars, sheets, structural shapes and pipes that went downbound to Canadian ports during the same year, 22,345 tons were shipped by Canadian producers and 30,243 tons by United States producers. Upbound traffic in these commodities to Canadian ports totalled 28,586 tons from Canadian producers. Foreign imports amounted to 6,003 tons for Canada and 13,518 tons for the United States. Shipments of other primary iron and steel products through the canal system totalled 14,000 tons with the major portion 7,500 tons, consisting of Canadian export shipments to the United States. It is understood that much larger rail tonnages by-pass the Seaway. Rail has such advantages as all-year service and less costly handling and distribution costs, and it makes possible small units of delivery where such is requested. During 1959, Canadian railways did not feel it necessary to alter rates to meet Seaway competition.

With the opening of the Seaway both Canadian and United States steel producers in the Great Lakes area experienced competition from cheaper foreign steel, mainly from western Europe. Because of the high demand in the first half of 1959 and the United States steel strike in the second half, iron and steel markets for Canadian producers remained very strong. Despite the strong demand, one Canadian steel executive told the speaker that "it did seem that foreign steel competition was unusually severe but this trend could not be confirmed because of the ensuing steel strike." Another steel executive pointed out that the Seaway enables foreign shippers to penetrate farther into the midwest. During the fall of 1959, it was understood that several steel fabricators in Toronto and Montreal placed several orders for steel "with European suppliers for spring delivery at prices ranging from $20 to $28 per ton below Canadian rates." Similar low price quotations are not unknown in Chicago. If foreign competition continues in this market area, Canadian steel producers must continue to make improvements in efficiency and productivity. If Canadian plants can meet this competition, and in general there is no overwhelming reason for saying this cannot be done, the Canadian consumer will benefit in the long run.

(e) Iron Ore

The Canadian iron ore industry has only recently gained world prominence. Between 1939 and 1948 annual iron ore production rose from 0.1 to 1.2 million long tons, nearly all of which was produced in Ontario. In 1949, Newfoundland entered Confederation and production from the Wabana mine increased Canada's 1949 production to 3.3 million long tons. By 1953 annual production had increased to 5.8 million long tons with Ontario and Newfoundland producing almost equal amounts while lesser amounts were being exported to Japan from British Columbia. In 1954, Iron Ore Company of Canada commenced shipping from its newly developed deposits in Labrador-Quebec. Although other small companies have commenced production since 1954, the Labrador-Quebec development was mainly responsible for increasing Canadian iron ore production to a peak of nearly 20 million long tons in 1956 and 1957. After the 1958 recessional year, production from the same area enabled Canada to reach an all-time peak in production of about 22 million long tons in 1959. Heavy demand for ore from the smaller producers was also important in making 1959 a record year.

Iron ore production, trade and consumption for 1957 and 1958 are given in the accompanying Table I. Production in British Columbia comes from two small, open-pit producers of magnetite

concentrates for export to Japan. In Ontario, direct-shipping and concentrated hematite ores, sinter, high-grade pellets and magnetite concentrates are produced from open-pit and underground mines. About 70% of Ontario's shipments are exported to the United States. In Newfoundland (including Labrador) and Quebec, large tonnages of direct-shipping hematite ore are produced from open-pit mines astride the Labrador-Quebec border. In addition, high-grade pellets are produced near Ottawa and high phosphorus hematite is produced from underground mines on the east coast of Newfoundland. Most of the ore produced is for export to the United States and western European countries.

Although the percentage of iron ore consumed in Canada from domestic mines is rising, all Ontario blast-furnace operators use large amounts of United States Lake Superior ore despite the existence of adequate supplies in Canada. This is explained partly by past supply patterns established before 1939. It is also due to part-ownership by Canadian steel firms of several United States mining companies. In addition much of the new Canadian iron ore industry was developed without the benefit of financial participation by Canadian steel producing companies. In Nova Scotia however, iron ore from Canadian sources is used almost exclusively in the local iron and steel industry.

Names Various Operating Companies

The Labrador-Quebec district is the dominant iron ore producing area in Canada and it is from this district that the expected seaway iron ore traffic is to originate. At present, Iron Ore Company of Canada is the sole producer. Direct-shipping hematite ore is produced from several open-pit mines in an area astride the Labrador-Quebec border some 360 railmiles north of the port of Seven Islands, Quebec. This area near Schefferville, Quebec, is estimated to contain 418 million tons of proved reserves grading 52% iron. Iron ore is mined from April to November and waste stripping is done through the winter. During the 7½ month shipping season, ores are shipped to western Europe to the United Kingdom, to Canadian and United States east coasts and up the St. Lawrence river to both United States and Canadian consumers. Since production began in 1954, the following tonnages have been shipped from Seven Islands.

	Long Tons
1954	1,781,453
1955	7,721,694
1956	12,023,041
1957	12,435,659
1958	7,967,208
1959	13,058,915
Total	54,987,970

Besides Iron Ore Company of Canada's present operations (owned by Republic Steel Corp., National Steel Corp., Armco Steel Corp., Youngstown Sheet and Tube Company, Wheeling Steel Corp., Bethlehem Steel Corp., M. A. Hanna Company, Hollinger Consolidated Gold Mines Ltd. and two Canadian concession companies), this company and two others are busily developing three separate deposits in the Wabush Lake area of Labrador and the Mt. Reed area of Quebec to the south.

Quebec Cartier Mining Company, a wholly owned subsidiary of the United States Steel Corporation, is developing one of its known deposits in the Mt. Reed area at Lac Jeannine, Quebec, for production early in 1961. Specular hematite concentrates grading about 65% iron are to be produced at the rate of 8 million tons annually. About 20 million tons of crude ore grading 30% iron from one open-pit mine will be required for feed to the beneficiation plant. The company is actively testing other known deposits of equal (300 million tons) or larger magnitude between Mt. Reed and Mt. Wright. The Lac Jeannine operation has required the construction of a deep harbor at the new town of Port Cartier, another town near the mine, a 193-mile railroad, a 60,000-hp. power development and a beneficiation plant. Total production cost is expected to approach $300 million. Although no definite decision has been made, the company expects to ship its 28-mesh concentrate the year-round. Shipments will be made to Europe, to Atlantic Coast ports, and through the Seaway.

In the Wabush Lake area of Labrador, Newfoundland, Iron Ore Company of Canada is developing one of several concentrating grade iron ore deposits for initial production in 1962. This company, in association with Wabush Iron Company Limited, is constructing a 42-mile railway line to the Wabush Lake area westerly from Mile 224 on the Quebec North Shore and Labrador Railway which runs due north from Seven Islands to Schefferville. The deposit being developed is one of several owned by the company in the area west of Wabush Lake. It is conservatively estimated that the ore contained in these deposits amounts to 1.5 billion tons grading 37% iron, mainly in the form of specular hematite. A concentration plant with an initial annual capacity of about 6 million tons is to be built. Total cost for the entire project is expected to approach $125 million. The relatively coarse 65% iron concentrate will be used partly for up-grading the direct-shipping Schefferville ores at the Seven Islands terminal with the remainder being shipped as produced.

On the east side of Wabush Lake, Wabush Iron Company Limited owned by Pickands, Mather & Company, Interlake Iron Corp., Youngstown Sheet and Tube Company, Steel Company of Canada and Inland Steel Corp. is developing a large orebody estimated to contain over one billion tons of material grading about 37% iron, mainly in the form of relatively coarse specular hematite. Initial production of 4 to 5 million tons of 65% iron concentrate is expected by about 1965. The ultimate plan provides for an annual capacity of 10 million tons. Capital expenditures are expected to exceed $100 million for the first phase of the project.

Other Promising Developments

Besides these developments, the companies previously mentioned and others hold several promising deposits between Wabush Lake and Mt. Wright, 25 miles to the southwest. The whole district is no doubt underlain by several billions of tons of concentrating grade iron-bearing material contained in iron formation which will become ore as the world's demand for iron ore increases.

Another development, about 225 miles west of Quebec Cartier's project, is that of Albanel Minerals Limited. This company is developing a large magnetite deposit with sufficient open-pit reserves to produce at least 200 million tons of 64% iron pellets. The company, owned by Cleveland-Cliffs Iron Company of the United States and M. J. O'Brien Limited of Ottawa, Canada, is working on plans for a beneficiation plant to produce 3 million tons of pellets per year. Although no announcement of production has been made it is understood that the company's preliminary plans are well advanced. A 125-mile railway would be required to connect the deposit with existing rail facilities. Deep-water shipping is available from Port Alfred, Quebec.

In the Ungava Bay area in northern Quebec, several companies hold extensive deposits of concentrating grade iron formation. Exploration and metallurgical testing is well advanced. If shipments are made, the corporate structure of the companies concerned suggests that western Europe would be the main market with most North American shipments going to the Atlantic Coast of the United States rather than through the Seaway.

The foregoing description of the present and near-future producers of iron ore in Labrador-Quebec that will ship at least a portion of their production via the Seaway, provides the necessary background for an examination of the present and future flow of iron ore from that area.

In Table II, the flow of iron ore from Seven Islands is given for 1957, a typical pre-Seaway year; for 1958, a recessional pre-Seaway year; and for 1959, the first Seaway year. Exports to western Europe maintained their relative position over the period, as did shipments to Canadian east coast consumers. From 1957 to 1959, shipments to the United States east coast decreased by 2.2 million tons, i.e., from 56% of total shipments to 36%. Philadelphia and Baltimore received the largest tonnages. While U. S. east coast shipments declined, Seaway traffic in iron ore increased from 17.9 to 40.7% of the total shipped. This represents a 3.1-million ton increase from 1957.

Up to 1958, nearly all the ore destined to Great Lakes ports from Seven Islands was transhipped to 2,000- to 4,000-ton capacity canalers at Contrecoeur near Montreal. In addition, some ore was shipped all-rail from Contrecoeur to Youngstown and Pittsburgh. in 1959, the amount of ore handled at Contrecoeur was only 40% of the 1957 traffic and virtually none of the 1959 ore traffic was moved out of Contrecoeur by rail. During 1959, some canalers were still used, probably because of the heavy demand for shipping which arose out of the ore boat shortage created by the steel strike. The average size of cargo through the Seaway was 15,400 tons; the largest was 23,290 tons. From Seven Islands, the average size of cargo amounted to 18,650 tons; the largest cargo was one of 54,150 tons destined for the United States East Coast.

TABLE II

Destination of Iron Ore Shipments from Seven Islands, 1957-59
(thousands of long tons)

	1957(1)		1958(1)		1959(2)	
	Tons	%	Tons	%	Tons	%
To Western Europe	2,893	23.3	1,939	24.3	2,693	20.5
To Can. East Coast	330	2.6	252	3.2	332	2.5
To U. S. East Coast	6,990	56.2	4,414	55.4	4,768	36.3
To Can. via Seaway	357	2.9	181	2.3	1,067(3)	8.1
To U. S. via Seaway	1,866	15.0	1,181	14.8	4,271(3)	32.6
Total	12,436	100.0	7,967	100.0	13,131	100.0
Amount of Seaway traffic transshipped at Contrecoeur	1,915		1,200		766	

(1) Result of an analysis of "Canal Statistics" and Volumes I, II, III of "Shipping Report."

(2) Preliminary figures supplied by Iron Ore Co. of Canada. Minor tonnages from foreign countries can be expected to raise the Seaway total slightly.

(3) Of the 5,338,000 tons shipped through the Seaway, 72,000 tons were taken from the Contrecoeur stockpile present at the beginning of 1959. Thus, actual shipments from Seven Islands totaled 13,059,000 tons, and not 13,131,000 tons as shown on the table.

TABLE III

Estimated Iron Ore Shipments from Labrador-Quebec, 1965 and 1970
(millions of long tons)

	1965		1970	
	Tons	%	Tons	%
To Western Europe	6	20	10	20
To U. S. East Coast	9-15	30-50	15-25	30-50
Through the Seaway	15- 9	50-30	25-15	50-30
Total	30	100	50	100

Projects Future Seaway Ore Traffic

By 1965, shipments of iron ore from Labrador-Quebec fields can be expected to rise to about 30 million tons, and by 1970-75 to 50 million tons. What percentage can be expected to go through the Seaway? On the basis of distribution and comparative cost studies made in 1958 by the Iron Ore Company of Canada, it was estimated that of the total ore traffic destined for U. S. companies via the Atlantic Coast and for Canadian and U. S. Companies via the Seaway, about 40% would continue to go to Atlantic Coast ports, 33% would move through the Seaway and 27% by one route or the other. The direction of movement of the 27% residual will depend on the rail rates from Atlantic coast ports; on the level of ocean freight rates at any particular time; and on the cost of moving ore through the Seaway at the present toll level.

During 1959, about 10.1 million tons were shipped by these routes with about 4.77 million tons (47%) going to the United States east coast and 5.33 million tons (53%) going via the Seaway. Thus in 1959, the Seaway obtained 20 of the 27% residual shipments. This could be partly explained by the unusual shipping pattern in 1959 which saw Canadian firms taking an unusually large amount of Labrador-Quebec ore.

Transportation Costs of Competing Routes

The ultimate destination of the 27% residual ore traffic is in the Pittsburgh area. Ores destined for Lake Erie and Atlantic Coast plants will go via the Seaway and ocean routes respectively. Based on information made available to the author, and from several published sources, the expected effective 1959 rail and ocean rates indicated that ore from Seven Islands could be landed in Pittsburgh at about $0.15 per long ton cheaper via the Seaway route than via the East Coast. If charter vessels rather than company-managed vessels had been used, the East Coast route would have been cheaper by about $0.60 per long ton. In the Youngstown, Ohio, area, the Seaway route was cheaper by as much as $1.00 per long ton. With these few comparative figures, it can be seen that the cost-advantage dividing line would be a northeast trending arc, west and north of Pittsburgh but south of Youngstown.

Studies made early in 1959, prior to the Seaway opening suggested that the new system would save about $0.80 per long ton as against shipping through the old St. Lawrence canal system. This represents a saving of over 20% on previous rates from Seven Islands to Lake Erie ports. During an interview with an official of a Canadian shipping firm after the close of the 1959 shipping season, it was indicated that the "lost time" for their boats going through the St. Lawrence Seaway, and particularly the Welland canal, was serious. If the delays continue during the 1960 season, the company felt that an increase in rates would be inevitable. It is generally felt, however, that operating conditions will improve considerably and that even if rates are raised, the increase would be small.

In recent months, several prominent people in the United States have discussed the competition that United States Lake Superior ore producers are facing. Several have complained that transportation rates for their ores to the Pittsburgh area are excessive when considering rates from other sources. In this respect, it should be pointed out the rail handling and water-transportation charges to Lake Erie or Pittsburgh from Lake Superior mines are over $2.00 per long ton less than for ores coming from mines in Labrador-Quebec. One of the most important factors that permit Labrador-Quebec ore to compete is the State of Minnesota reserve tax.

From the above discussion it can be seen that pre-Seaway rail rates from the Atlantic coast are competitive with those for the new Seaway route for landed ore in Pittsburgh. Similar studies for the movement of ore to Youngstown show the Seaway route can save almost $1.00 per ton. Future savings in transportation costs for one or both routes may be realized. Factors affecting such savings would be the size and ownership of boats used; operational efficiency and toll structure of the Seaway; competitive rate cutting between east coast and Lake Erie railways which are operated largely by the same companies; and the capacity of various handling facilities. As adjustments are made, the percentage of ore shipped via the two routes will vary. At present, it is understood that there have been no railroad rate reductions for ore westbound from Atlantic coast ports nor is it likely that any reductions will be made in the near future.

In addition to the matter of competing routes, there are other factors affecting the volume of ore traffic through the Seaway. Many persons, in both government and industry, expect that the reserves of relatively inexpensive ore from the Lake Superior area will decline. Thus larger amounts of Labrador-Quebec ore will be required to meet raw material requirements at plants on the Great Lakes. Besides the possibility of an increasing demand from existing plants, the availability of high-grade relatively inexpensive ore from Labrador-Quebec may encourage the construction of additional plants in either the United States or Canada, or both. Even now, a new primary iron and steel industry in the St. Lawrence River valley is being considered.

One of the important factors in the building of such a plan is the size of the local steel market; however, the availability of relatively inexpensive ore from Labrador-Quebec is another factor which could result in a plant being constructed at a date earlier than would otherwise be the case. Another advantageous factor is the availability of Seaway transportation which could make possible cheaper transportation of steel products to some market areas.

Besides Labrador-Quebec ore, overseas ore must also be considered. Most Venezuelan, Brazilian, Peruvian, Chilean, Liberian and Swedish ores are unloaded at Atlantic coast ports. With the new Seaway, more Swedish ore might come through the Seaway. Ore from other sources will probably continue to be discharged at Atlantic coast ports. As United States imports from all countries increase, a trend could develop whereby non-Canadian exports to the United States would obtain the main share of the east coast import market and increasing amounts of Canadian ore would be diverted through the Seaway.

In conclusion it would appear that the tonnages of iron ore shipped from Labrador-Quebec in 1965 and 1970 will be as follows:

*From an address by Mr. Elver before the Society of Mining Engineers of AIME, New York City.

Facts vs. Fancy Regarding Drug Industry's Economics

Continued from page 3

rate of growth was due mainly to the tremendous expansion in ethicals.

	1939	1947	1959
	(millions of dollas)		
Ethicals	149	579	2,000
Proprietaries	152	311	700
Total	301	890	2,700

Thus, between 1939 and 1959, sales of ethicals rose by 1242% while proprietaries increased by only 360%. Since 1947, the increases have been 245% for ethicals and 125% for proprietaries.

The U. S. Department of Commerce has made some estimates of the rates of growth for specific products. Among the products with the greatest rates of growth in physical volume between 1948 and 1958 were antibiotics and vitamins.

	1948	1958	Percent Increase
	(thous. of lbs.)		
Antibiotics	240	2,500	941.7
Vitamins	2,556	8,700	239.0

SOURCE: "Survey of Current Business," May, 1959, p. 23.

If the Commerce data had included the steroids, tranquilizers and other more recent developments similar large increases would have been shown.

The U. S. Department of Commerce has noted that the average annual increase of 25% in the production of antibiotics was accompanied by much lower prices: ". . . the average price of antibiotics has declined from $860 per pound in 1948 to a current price of around $160 per pound."

In evaluating the contribution to national economic growth by the drug industry, two points should be noted. First, the development of new drugs, which has meant an alleviation of pain and suffering, has contributed directly to economic growth. Secondly, this industry, by extending the working life of our population and by restoring to active production many workers who formerly would have been idle for long periods as a result of illness, has contributed indirectly to economic growth.

Research and Development

Growth has not been fortuitous in the drug industry. It is a direct result of the research consciousness of the industry. Research expenditures have risen markedly. The total was $30 million in 1948, $170 million in 1958, and an estimated $190 million in 1959. And the expenditures on research for 1960 and later continue to point higher.

The proportion of the sales dollar devoted to research is one of the highest for any American industry. For all industry, the average in 1958 has been estimated at 3.2% while for the drug industry the ratio estimates range from 7.0% to 9½%. The higher ratio is obtained when research expenditures are related to sales of ethicals, the segment of the industry which accounts for practically all the research costs.

Several points should be kept in mind in connection with these large expenditures. First, Senator Kefauver and his staff have made a major issue over whether specific companies discovered or developed particular products. Possibly, the picture would be clarified if these expenditures were described as *discovery and development* instead of research and development. It isn't necessary to discover a drug to make a contribution to better health. Some discoveries have remained dormant for years because the major tasks of testing, experimenting, and developing were not undertaken or because the real significance of the discovery was not understood.

Certainly, not all lines of research can be equally productive or deal with problems that are of equal importance. Nor does progress take place at some uniform rate. The nature of research is such that the shotgun rather than the rifle often yields the greatest overall results.

A satisfactory level of profits plays a two-fold role in connection with research. First, it provides the reward for successful research and thus is the inducement to spend money for this purpose. Secondly, while research expenditures are ordinary business expenses and hence are deductible for tax purposes, the funds required for plant and equipment to develop successful products are capital expenditures. Such funds are made possible by a satisfactory level of profits. A good level of profits either facilitates the sale of new securities or provides the funds for expansion when they are not paid out as dividends. In the latter instance the stockholders are financing expansion by foregoing current dividends.

The Level of Profits

The drug industry has reported higher rates of profits over the years than have most other industries. Among the factors which have contributed to this record are greater risk exposure, rapid product innovation and obsolescence, more intensive promotion, understatement of net worth and above-average rates of growth. These factors together go far to explain the level of profitability of the industry.

Greater Risk Exposure: Since the drug industry is one in which a relatively high percentage of sales arises each year from new products, change is the rule rather than the exception. New products account for a larger proportion of total drug sales than in almost any other business. Profits tend to be higher in new than in older established companies and industries. As a result, this factor contributes toward the relatively higher rate of return which has marked the industry over the longer-run period. It should be added that efforts to promote new products are not always successful, nor does all expenditure for research eventuate in a commercially saleable product. Uncertainty, it has been said, is perhaps the most important single factor accounting for traditionally higher profits in some industries than in others.

Rapid Product Obsolescence: In the drug industry, great risks are present because of the extremely rapid pace of new discovery leading to product obsolescence. As more dollars have been funnelled into research by more companies, as well as government and independent organizations, there has been a decided shortening of the life span of new products. Thus, the risk of product obsolescence is greater today than ever before.

Once competition has caught up—and the grace period allotted is foreshortened now by foreign as well as domestic competition—the initial producer is faced with product obsolescence and with the shrinking markets which accompany the emergence of new producers.

Intensive Promotion: Drug companies perform an important educational job. Salesmen spend considerable time with doctors to acquaint them with new drugs and their therapeutic characteristics. It is the doctor who prescribes and hence much of the sales promotion must be directed to him.

The expenditure of a relatively high share of the drug sales dollar for selling expenses is not a postwar phenomenon. In 1940, 13.4% of the sales dollar in drugs and medicines was used for this purpose. Very few industries had a higher ratio. In some industries a high ratio for selling and delivery expenses is attributable to high delivery costs rather than to promotional expenses (e.g. milk, bread and bakery products, and biscuits and crackers).

Since doctors generally prescribe brand names rather than chemical formulas, drug companies are compelled to promote the names of their products. This is one evidence of the intensive competition in the industry. The product's qualities and its advantage over competitive products must be impressed on the minds of doctors. Since the qualities are not easily summarized in some quick slogan, companies must undertake the large expenses associated with distributing samples and reading matter and using detail men.

So important is the promotion of new products that, to a large extent, a manufacturer's continued existence is dependent on his success in this area. Successful products earn high profits; others fail completely.

Intensive Investment in Product and Trade Name: Investment in the drug industry is more in terms of trade name and product brand than in brick, mortar and equipment. Such investment usually is entered on the books at token value as good-will. It does not apear as capital which adds to net worth. As a result the total net worth of the industry is understated. When profits are compared with this understated net worth, the resulting return is reported to be higher than comparable rates of return in other industries.

Above Average Rate of Growth: A final charactertistic of industries with above-average rates of profits is an above-average rate of growth. Drug companies have been among those with the more rapid growth in the past three or four decades.

Are Profits Too High?

There are several additional important points to keep in mind in connection with profits. First, there is no yardstick available to determine what is a "fair" profit. Comparisons with average rates of profit in the economy prove exactly nothing concerning the "fairness" of profits. The nature of an average is such that some companies and industries will be above and others will be below the average. This does not mean that above-average profits are to be criticized or that below-average profits are to be praised.

Secondly, the phrase "gross profit margin" is an unfortunate one in any industry but particularly so for drugs where so small a part of the sales dollar is accounted for by manufacturing costs. The manner in which the Kefauver staff has misused these figures provides recent evidence on this point. The term profit should be reserved to describe what is earned by a company after deducting *all* costs and taxes.

Third, a drug company doesn't know precisely what profit it earns on any particular product or group of products. A major part of all costs is usually allocated among all products on some arbitrary basis which has little or no relationship to the costs actually incurred. For example, how many of the companies producing tranquilizers charged as costs for that product, the full expenses in time and money required to testify and prepare for testimony before the Kefauver Committee? And if such charges were not made, how meaningful is any profit estimate for such products? The same problem arises in connection with many of the expenditures for promotion, administrative costs, and other items. These costs generally cannot be separated for specific items.

Finally, most drug companies sell a large number of products, some of which are made available even though the market has shrunk or is much too small to yield any satisfactory profit. Nevertheless, by supplying these products the company builds up good will which may contribute significantly to a higher volume of sales for other products. Under these conditions, even if separate costs could be completely calculated they would not be too meaningful as a guide to the *real* costs and profit rates for individual products. Moreover, if some products did not yield above-average profits, these items with below average profits or losses could not be made available — to the serious disadvantage of the persons for whom they are prescribed.

Drug Prices and Inflation

Wholesale and retail drug prices have lagged far behind other prices during the past twenty years. Thus, for example, the wholesale price index of drugs and pharmaceuticals has increased 80.9% since 1939 as compared with a rise of 137.3% for all commodities and 121.3% for industrial prices. If drug prices had risen 137.3% drug manufacturers would have had sales of about $3,550 million instead of $2,700 million or an increase of $850 million, assuming other factors had remained the same.

Since 1947-49 wholesale drug prices have *declined* by 6% while the all-commodities index has increased by 18.9% and industrial prices have advanced 28.6%.

If the comparison is made with 1955, wholesale prices of drugs and pharmaceuticals have shown practically no change in contrast to the rise of 7.4% for the all-commodities index and approximately 10% for industrial prices. Clearly, in terms of wholesale prices, drugs and pharmaceuticals have made no contribution to the price inflation since 1955 and much less than the average contribution since 1939. And the published index does not show how favorable the story really is because the index does not include many of the newer forms of drugs, such as steroids, tranquilizers and broad-spectrum antibiotics. Accordingly, the declines which have taken place in these products have not been fully reflected in the published indexes.

The retail price index reported by the Bureau of Labor Statistics is admittedly very inadequate for drugs and pharmaceuticals since it includes only aspirin tablets, milk of magnesia, multiple vitamin concentrates, and the following prescriptions: non-narcotic dispense, non-narcotic compounded, narcotic dispense, and penicillin (buffered for oral use).

Despite its inadequate coverage, the reported index of drugs and pharmaceutical products does indicate the extent to which the rise in the total consumer price index has been attributable to higher drug prices.

Since 1939 the consumer price index has risen by 111.3% while the index for prescriptions and drugs has risen only 47.5%.

Since 1947-49 the consumer price index has risen by 25.5% as compared with a rise of 9.6% in the consumer price index.

Since 1955, the increase of 10.8% in prescriptions and drugs compares with a rise of 9.6% in the consumer price index.

It should also be noted that retail drug prices have risen much less than the prices of other types of medical care. Thus, since 1939 the price of medical care services, excluding drugs, has risen by 125.8%. Since 1947-49 it has increased by 59.2% and since 1955 by 21.2%. All of these increases are significantly greater than those which were reported for drug prices.

Per Cent Increases in Prices of Medical Care

	% Increase Since		
	1939	1947-49	1955
Total Medical Care	111.0	53.2	19.7
Medical Care Other Than Drugs	125.8	59.2	21.2
Hospital Rates	329.1	115.0	30.8
Hospitalization Insurance	n.a.	65.9	43.6
Gen'l Practitioners' Fees	95.4	45.8	17.3
Surgeon's Fees	70.7	27.7	9.7
Prescriptions and Drugs	47.5	23.2	10.8

SOURCE: U. S. Bureau of Labor Statistics.

It is clear, therefore, that drug prices have not contributed significantly to the price inflation in recent years. This conclusion was also reached in a study by Markley Roberts made for and published by the Congressional Joint Economic Committee. In his words,

"The price experience for this component has been quite different from that of medical services. The drug price index went up about 26%, 2% a year, compared to the all-items rise of 30%, or 2.3% a year, and the medical services price rise of 58%, or 4.1% a year, from 1947 to 1958. Therefore, *it would appear that increasing prices of drugs and prescriptions, the commodity portion of the price index of medical care, are relatively less significant in comparison to the increases in the prices of medical service.*"* (Italics added)

This relatively small increase in retail drug prices occurred during a period of rapid improvement in the quality of drugs. Furthermore, if the full impact of price declines for the newer forms of antibiotics as well as other new products were included, the over-all rise in retail prices probably would be even smaller.

A confirmation of the relatively modest increase in drug prices is found in the data for consumer expenditures for medical care and drugs. Despite the enormous growth in the physical volume of sales, the major breakthroughs in many fields and the vast improvement in quality and potency of many drugs, the consumer now spends about one cent out of each dollar of disposable income for drugs and sundries in contrast to 9/10 of one cent twenty years ago. For other types of medical care, expenditures have increased from 3.1% to 4.2% of disposable income during the same period.

Cents Per Dollar of Disposable Income Spent For

	All Medical Care	Drug Preparations & Sundries	Medical Care Excl. Drugs
1939	4.0	0.9	3.1
1950	4.2	0.8	3.4
1955	4.6	0.9	3.7
1958	5.2	1.0	4.2

Per capita expenditures—average spent for every man, woman, and child—were $19.2 for drug preparations in 1958. This compared with $37.19 for tobacco products, $53.72 for alcoholic beverages, and $24.82 for personal care (toilet articles, barber, and beauty shops).

If the retail prices of drugs had risen as much as the consumer price index (111.3% instead of 47.8%) since 1939, *it would cost the consumer at least an additional $1 billion to buy the drug preparations now consumed.*

The Kefauver Committee has given considerable emphasis to the fact that the reported prices for certain drugs have shown little or no change during the past five years. Three points must be kept in mind in connection with this record. First, this was a period in which the consumer price index rose by about 10% and the wholesale price index by about 8%. Thus the real cost of these drug products has gone down as compared with other prices.

Secondly, in many instances companies maintain relatively unchanged prices for items which are declining in importance. Thus,

*Markley Roberts, "Trends in the Supply and Demand of Medical Care," *Study Paper No. 5*, Joint Economic Committee, November 10, 1959, p. 80.

for example, if the price of a drug remains unchanged but its sales fall sharply, the significance of the stable price is not very great. In fact, in some instances, products are maintained in the line by a company in order to meet the demands of doctors who continue to prescribe the older product despite the development of newer and improved products.

Thirdly, the period of price stability for many new products was preceded by a period in which prices were cut very sharply.

The drug industry also has been subject to considerable criticism because some products have been sold at lower prices abroad than in this country. Let me read a brief statement dealing with this practice:

"Our European competitors do not invest money and manpower to develop products or markets to the extent we do. Their policy appears to be to charge what the traffic will bear. . . .

"As long as U. S. capacity is not fully used, we must seek markets outside our country. Only in this way can we avoid layoffs of our employees. It must be obvious that we cannot sell in an overseas market at more than the price prevailing in that market.

"Fair prices that permit sound research and development programs for products and markets, as well as an adequate return on investment, are essential to the economic health of our industry. They must be low enough to attract the consumer, but also must reflect the need for capital to develop new products, and new markets for those products, in addition to absorbing at least part of the constantly rising costs of operations."

This statement was not made in connection with drug pricing. It was made recently by David Reynolds of Reynolds Metals Co. to describe the reasons why aluminum was sold at lower prices abroad than in this country. This practice is not unique. It is followed by many industries throughout our economy.

In some instances, the explanations may be found in the fact that these items are produced abroad and hence are subject to much lower costs than those experienced in this country. In other instances, where the products are produced in this country, such costs as promotion and advertising tend to be less abroad because wage scales are so much lower. It may also be necessary to sell abroad at lower prices because of competition from other companies which are producing in those countries and hence have a tremendous cost advantage. Finally, so long as a company can obtain some return above its manufacturing cost the sale of products abroad at prices below full cost makes a net contribution to its profitability. The explanation that will be most significant will vary among products.

It is not my purpose to explain away differences in drug prices here and abroad. Rather, I am suggesting that such price differences *per se* are not to be condemned or to be used as proof of a conspiracy against the American consumer.

Dynamic Competition

The intensity of competition in the drug industry is as great as that in any industry. I don't know of any other industry with a story which is as dramatic as that which can be told by your industry. An examination of the composition of sales for many products shows amazing changes from year to year.

Thus, for example, in 1950 Cortone, the Merck brand of cortisone, accounted for 100% of the steroid market. In 1952 the proportion was 97.1%; in 1954 it had declined to 26.8%; in 1956 it was down to 3.2%. In 1954 Cortef, produced by Upjohn, accounted for 15% of the market. In 1956 Delta cortef, produced by the same company, accounted for 6.2%, while Cortef had virtually disappeared. In 1956, Metacortone, produced by Schering, accounted for 53.9% of the market, while in 1958 that product's proportion had declined to 30.7%. Pfizer, Squibb, Schering and Lederle, who had no role to play in 1954, accounted for significant proportions of the total sales in 1956 and 1958.

Many industries are characterized by Big Threes or Big Fours who account for a major part of total output or shipments. For the drug industry, the four largest companies accounted for only 25% of total shipments in 1954. This is a relatively low concentration ratio.

If one listens to the Kefauver Committee, the drug industry has a series of monopolies over the same type of product. One Committee staff member has made the amazing discovery that when a product has a brand name, 100% of the output sold under that name is usually produced by one company. That these "100% monopolies" by different companies are in intense competition with each other is a fact of life to which he gave little heed. The fact that these "monopolists" have absolutely no control over their market also is ignored. I am impressed with the fact that no "monopolist" about whom I have heard is replaced so completely and with such speed and such regularity as are these drug "monopolies."

We usually think of the "monopolist" as one who is in a position of great strength and able to withstand the challenge of all comers because of his powerful and entrenched position. You have a sort-of upside down "monopoly" because in your case your "monopolist" can be and is wiped out as a factor in the market within a short period of time.

The tremendous changes which are found in connection with most drugs are evidence not of "monopoly" but of competition of the most rigorous type. This competition has its roots in the dynamic and imaginative research programs to which I referred earlier. If all "monopolists" had the same precarious hold over their markets as the alleged drug "monopolists," economists would have stopped worrying about this subject a long time ago.

Conclusion

The drug industry has undergone a complete transformation during the past two decades. The dramatic results of extensive research programs has been the primary cause of this change. However, the industry has been so busy growing that I suspect many companies have not had the time to take a fresh look at themselves. Possibly the main contribution of the recent hearings and the other public reviews of their activities is that they have had to appraise and reappraise company policies. As a result of testimony and various public statements, the veil is being lifted and the public is being given an opportunity to understand better—to the extent that the facts can penetrate the thick fog of politics.

Any examination of this industry cannot avoid the conclusion that there is a paucity of readily available information on any continuous basis. The industry already has started to collect annual data for research and development—and that is a step in the right direction. But how about the costs of the new plant and equipment required to make available the fruits of research and development? Why not collect data for such new investment annually?

Sales trends have been compiled for 8, 10, 19 or some other list of companies when required. But such data often are composites which include more than drug products; examples include basic industrial chemicals, cosmetics and toiletries, foods, etc. Why shouldn't the industry collect and publish annual sales data for the entire industry with a breakdown between ethicals and proprietaries and for the main categories of products? It would then be possible to relate research and development expenditures to ethical sales and thus to show the full magnitude of activities in this area.

The data showing the changing composition of the markets for the leading ethical drug products present that most dramatic picture of competition I have seen for any industry. Why not make such data available annually in some readily accessible form?

Data might also be collected to show the number of stockholders thus indicating the broad public participation in the earnings of drug companies.

Consideration could also be given to collecting data which show the cost of non-wage benefits to the industry.

The foregoing is intended to be suggestive rather than a complete list of the types of information you should consider collecting and making available. Let me hasten to emphasize that I am not suggesting that such data alone will tell the entire story. There are many other aspects of this industry that do not lend themselves to such quantification. But these data will at least provide a framework of reference which should make possible an understanding of the economies of the industry.

Remember there is now a $3 billion industry and one in which the public has developed a keen interest. What I am trying to say is that before it can really tell its story to the public it must "know thyself."

*An address by Dr. Backman before the Pharmaceutical Manufacturers Association, Boca Raton, Fla.

Cincinnati Bond Men's Field Day

CINCINNATI, Ohio—The Municipay Bond Dealers Group of Cincinnati will hold their annual outing Sept. 15 and 16. On Sept. 15 a cocktail and dinner party will be given at the Queen City Club. The field day will be held Friday, Sept. 16 at the Kenwood Country Club.

Reservations may be made with R. F. Wellinhoff, C. J. Devine & Co., Secretary-Treasurer of the group.

Va. Bond Club to Hold Meeting

The Bond Club of Virginia will hold its sixth annual meeting at the Cavalier Hotel, Virginia Beach, Fla., May 26th-28th.

American Securities Opens

CHARLOTTE, N. C. — American Securities Company has been formed with offices in the Liberty Life Building to engage in a securities business. Leslie B. Cohen is a principal of the firm.

Form C. J. Adams Inv. Co.

ATLANTIC CITY, N. J. — C. J. Adams Investment Co. has been formed with offices at 20 South Tennessee Avenue to engage in a securities business. Isadore Friss is a principal of the firm.

First Cleveland Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Bruce T. Bauman has become affiliated with The First Cleveland Corporation, National City East Sixth Building, members of the Midwest Stock Exchange.

Hornblower & Weeks and Revel Miller to Consolidate

Howard E. Buhse (seated right) of Hornblower & Weeks, New York, and Robert Revel Miller (seated left) of Revel Miller & Co., Inc., Los Angeles. Looking on is Richard A. Miller.

Hornblower & Weeks, with headquarters at 40 Wall Street, New York City, and Revel Miller & Co. Inc., 650 South Spring Street, Los Angeles, plan to consolidate their operations in June of this year, according to an announcement made by Howard E. Buhse, Chairman of the Executive Committee of Hornblower & Weeks, and Robert Revel Miller, President of the West Coast firm.

Under the proposed agreement, which is subject to the approval of the New York Stock Exchange Board of Governors, Robert Revel Miller and Richard A. Miller will become general partners of Hornblower & Weeks, and it is expected that all key personnel of Revel Miller & Co. Inc. will become associated with the firm. Established in 1926, Revel Miller & Co. Inc. is a member of the Pacific Coast Stock Exchange and conducts a general brokerage and investment banking business. In addition to its principal office in Los Angeles, the company has branch offices in Santa Monica and Glendale, California.

Hornblower & Weeks, which was established in 1888, has 21 offices in 19 cities. It is a major brokerage and investment banking firm and is a member firm of the New York Stock Exchange and other principal security exchanges.

Chicago Exempters To Hold Field Day

CHICAGO, Ill.—The "Exempters" will hold their annual field day celebration May 19-20. On May 19 there will be the official registration and cocktail party at the Sherman Hotel Downtown Club, in Chicago. On May 20 the group will hold its field day at the Nordic Hills Country Club.

Now With Keenan Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—David W. Thayer has become associated with John J. Keenan & Co. Incorporated, 639 South Spring St. He was formerly with First California Company.

Joins Brown Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Clifford A. Clark has joined the staff of Brown Brothers Harriman & Co., 10 Post Office Square. He was formerly with Blyth & Co., Inc.

Consumer Credit as an Economic Stabilizer

Continued from page 11

restraint of trade and unfair competitive advantages. This is a problem which we must solve and we may need government help in eliminating some competitive conditions which have long been regarded as contrary to public policy.

Any discussion of the effects of Sales Finance Companies activities upon family spending and savings requires a background of a definition of the terms "spending" and "savings" and some discussion of what is described by the meaning of these terms. So perhaps at the risk of being somewhat elementary let's look briefly at these concepts.

Defines Spending and Savings

Spending—As the term is here conceived and used, "spending on the part of an individual represents a course of action wherein the individual in possession of items of value (assets, earning power, credit, etc.) will exchange portions or all of these items for other items of equal or greater value to him. Because we live in an economy which utilizes "money" almost universally as a medium of exchange, we usually associate "spending" with an exchange of a quantity of dollars for goods. However, this exchange may also be accomplished through a combination expenditure of dollars and "promise to pay" dollars (credit), or simply by an exchange of "promises to pay" dollars. Such "spending" transactions in either case involve the acquisition of current possession of goods, wares, and merchandise, or services, that are to be used presently or in the future. Regardless of **how** the exchange is made, we **usually** think of spending "so many dollars" for the purchase of an individual item rather than thinking in terms of the exchange of the utility values of the items involved in the transactions. In connection with transactions involving "credit," it will be helpful to include the "utility value" also.

Savings—on the part of an individual represents a course of action in which the individual as a consumer (or his family unit) currently spends less than his current income, monetary, or in other forms. Under these conditions his current desire for goods and services is not fully satisfied, and the use of a portion of his current power to purchase is postponed, or used to satisfy commitments previously made. Since the majority of people gainfully employed, other than farmers, usually measure their income almost wholly in "dollars" (received upon a daily, weekly, monthly, or yearly basis) rather than in kind, we have come to associate "savings" with an accumulation of "dollars" (financial savings) rather than thinking of such savings in terms of an accumulation of goods, in possession, in kind, (assets and equity) that represent utility values to be consumed in the future. Notwithstanding this pattern of thinking, it will be helpful in our economic analysis to think also in terms of this "accumulation of utility values" concept.

Forms of Savings — Savings therefore may be: (1) in the form **of financial savings**—cash or its equivalent, such as bank deposits, bonds payable on demand, and similar types of obligations payable in cash upon demand, or: (2) **in the form of goods, wares, or merchandise**, such as a home, an automobile, household appliances, or other household goods, the utility value of which will be used up by their owner over a period of time. These two forms of savings are often intertwined and interrelated in family spending, insofar as the short-range and long-range activities of family units are concerned.

Sequence of Savings and Spending

Within the framework of these concepts of saving and spending, saving may be thought of as being (1) entirely antecedent to spending; (2) partially antecedent and partially subsequent to spending; (3) entirely subsequent to spending.

In the event that savings are entirely antecedent to spending these are usually in the form of **financial** savings or an **accumulation** of dollars which are to be exchanged for goods or services at some subsequent times (either by the owner or by the person to whom the resource is "loaned.")

The accumulation of cash, or financial resources, usually means that current cash expenditures for all goods and services, on the part of the individual or family during this period of savings, will be less than the aggregate amount of cash income received during that period. When the aggregate of cash savings accumulated equals the total purchase price of the units to be procured, the cash may be exchanged for the units desired. In this case, the **cash financial resource** is exchanged for a financial resource in the form of goods to be used over a period of time. There is no change in the assets of the individual.

The accumulation of cash may be motivated by a specific desire to procure a specific item of merchandise, or it may be motivated by the general thought, or concept, that goods and services are to be procured in the future, without reference to any specific items. Knowledge of purposeful or non - purposeful savings is therefore necessary in order to understand the general influence, or impact, of aggregate cash savings and their use upon past, current, or future accumulation of cash resources, to be used in exchange for consumer goods or services.

In the second situation, financial savings of dollars are usually accumulated in sufficient quantity to make a "down payment" in connection with the purchase of (spending for) an article, with the remaining portion of the purchase price being covered by credit extended to the purchaser at the time of spending. In cases where the item purchased represents a package of utility value that will be utilized over time, the payments made on the obligation subsequent to purchase, may represent, partially or wholly, savings in the sense that these payments cover a legal obligation in connection with purchase utility values already in the hands of the purchaser and for which he does not have clear legal title until subsequent payments are made.

In the third situation, where the savings action occurs entirely subsequent to spending, the purchaser secures possession of the items based upon "credit" covering the entire purchase price of the article. As the legal commitment made in connection with this spending is amortized, this represents "savings" to the individual, to the extent that the value of the item used up while current payments are being made, is less than the payments made on the existing obligation.

Thus, at the end of the scheduled payments, the purchaser may have an unincumbered asset which will render to him economic utility value, subsequent to the completion of his payments. The value of the article as of the moment when payment is completed will represent the amount of the "savings" of the individual during the period when payment was being made.

Changing Acceptance of Consumer Credit

Changes in the buying habits of consumers. As new forms of consumer durable goods are developed, and as their usages are accepted by consumers as a part of their living pattern, the habits of such consumers, with reference to their purchases, change. These changes, in turn, increase the demand for the purchase of such goods, with a resulting impact upon the use of credit in connection with such purchases. This impact tends to increase the total amount of consumer credit used.

The Cost of Credit. Although cost is an integral part of the credit picture, some economists and operating executives, through study and observation, have concluded that this factor may be of minor importance under certain economic conditions. Although consumers consider cost to be important in making their decisions, this is apt to be secondary to a consideration of their ability to meet their monthly payments, when making their final decisions to use consumer credit. However, over the years there has been a tendency for these costs to decrease or the rates to remain constant.

Changes in the psychological attitude toward the use of credit. In both historical and contemporary perspective, it may be observed that the willingness of the individual to use, or not to use, credit may be influenced substantially by the existing attitude in the community, or on the part of his contemporaries. The early American attitude toward "thrift" resulted in a very substantial unwillingness on the part of many Americans to commit themselves to debt, except under very compelling circumstances, and then mostly in connection with real estate transactions. Hence, the idea of the purchase of durable goods for consumption purposes, upon credit, was frowned upon with its consequent effect upon the development of the use of "consumer credit." Gradually this attitude has changed to a recognition that the purchase of durable goods on credit, in some respects, represents a capital investment on the part of the purchaser, such investment permitting the use of the item purchased while it was being paid for—a situation not unlike that related to the purchase of a house on credit. As a result of this recognition, there is less prejudice against, and wider use of, "consumer credit" today than was the case at the turn of the 20th century.

Secular Trend Patterns — With this change in psychological attitudes towards credit, certain secular trend patterns have been observable in the United States during recent years, such as:

(a) Changes in the form of credit from "non-installment" to "installment" reflected in the substantial shift from 30 - day charge accounts to "revolving credit" (installment) accounts.

(b) Shifts in the aggregates of credit, formerly thought of as "commercial credit" to installments credit, due to the ability of retailers to obtain working capital through sale of their "installment" receivables rather than having to obtain such capital through "commercial" borrowings upon security of these accounts.

(c) The tendency for the amount of consumer credit dollar-wise, to rise in relation to disposable income due to "budgeting" of purchases through the use of credit.

Questions Effectiveness of Control

In Relation to Government Attempt at Control of Consumer Credit — Short-range, consumer credit controls have had only minor immediate effects upon the extension of consumer credit, and there is no doubt that such controls have any appreciable dampening effect, intermediate or long-range, upon consumer spending for durable goods. Such effects as do appear seem to represent only a temporary postponement of purchases by those who may be unable to meet new monthly payment requirements (this group appears to be only a very small percentage of the total number), with the eventual purchase of goods as needed or desired through the use of cash and credit.

This temporary postponement may result in some minor changes in market patterns, short-range, with the secondary effects thereby created as offsetting forces to the effects of such controls. The use of consumer credit controls has only minor effects upon the volatility of consumer demand for spending for durable goods. Such volatility seems to continue during periods of control and non-control, and may be attributed largely to factors, other than the availability or use of consumer credit in connection with such purchases.

It may be remarked however, that only a small part of the aggregate of consumer credit has been utilized in connection with consumer spending for services. Over the last few decades the relative percentage of total consumer expenditure for services has declined, with increases in spending for durable goods and non-durable goods, as the level of discretionary income for consumers has risen.

Details Answers to Critics of Consumer Credit

Total Instalment Credit and Consumer Expenditures. Some economists, namely those who are proponents of instalment credit controls have emphasized their theory that consumer instalment credit adds to the aggregate of consumer purchasing power and therefore, under certain conditions, may have an inflationary influence upon consumer prices. Data relating to (1) the relationship between total consumer instalment credit extended in the U. S. and the total of consumer expenditures for all goods and services, and (2) the relationship between net increases in consumer instalment credit outstandings and total consumer expenditures, durable goods expenditures, and total financial savings would be worth observation in relation to this thesis.

It may be noted that the total of all consumer instalment credit extended in each of the five years represents only from approximately 14.0% to 15.5% of all consumer expenditures. The percentage relationships of net changes in outstandings to these expenditures are, of course, very much smaller and range from 0.81% in 1959 to 2.1% in 1955 which was a very high year of activity in consumer durable goods sales. The percentage relationships of net increases in outstandings to durable goods expenditures for each of the years were as follows: 1955—13.6%; 1956—7.5%; 1957—5.7%; 1958—(no increase); 1959—12.5%.

So it appears that at the most, only about one-eighth of consumer goods purchases (in 1955 and 1959) could have been made from funds attributable to net increases in consumer instalment credit accounts.

When the relationship between instalment credit and consumer expenditures is considered, it is also interesting to note the relationship between the total net increases in consumer instalment credit outstandings and the totals of financial savings in the U. S. for each of these five years. Note this comparison:

	1955	1956	1957	1958	1959
Net amount of incr. in the total consumer instl. debt (billions)	5.4	2.9	2.3	—.10	5.4
Net amt. of finan. savs. SEC est. after deduct. debt (billions)	7.1	14.1	17.7	16.2	16.5
Percent increase of instal'mt debt is of total financial savings	76.0	20.6	13.0	---	32.7

Observe that in each year the aggregate increase in instalment debt is much less than aggregate financial savings, indicating that if the entire amount of increase in instalment debt in any year were financed out of savings, there still would be saving funds available for financing other areas of our economy. Under these conditions it can hardly be said that consumer instalment debt is inflationary.

Sales Finance Company Activities and Consumer Instalment Debt—Since Sales Finance Companies operate within the framework of the over-all consumer instalment credit activity in the U. S., it is interesting to note some comparative data for these institutions as a group, as shown by the Table. Consumer instalment credit extended by Sales Finance Companies from 1955 through 1959 represented from 3.0% (1958) to 4.2% (1955) of total consumer expenditures during each of the five years. In relationship to consumer durable goods expenditures during the period, their volume of consumer instalment credit extensions amounted to from 23.7% (1958) to 27.3% (1955) of the total of such expenditures.

In relationship to net changes in outstandings held by Sales Finance Companies, the percentages are very much smaller. For instance, in each of the years the net change (increase) in outstandings held by Sales Finance Companies amounted to less than 1% of total consumer expenditures. Only during two years, 1955 and 1959, were these percentage ratios to consumer durable goods expenditures of any appreciable significance, when they were 5.8% (1955) and 3.24% (1959) respectively.

Net increases in outstandings held by Sales Finance Companies during the period likewise represented only very small percentages of gross financial savings in the U. S. Except for the year 1955, this percentage ratio did not exceed 8.5%. In one year (1958) the outstandings held by these companies actually declined about $830 million. In 1955, a banner year in auto production and sales, total outstandings increased $2.3 billion. This figure represented 32.4% of net financial savings during that year, but such savings during that year, as has already been noted, were unusually small as compared with previous and subsequent years.

Summary Observations

Against the background of these data and comparisons, the following summary observations may be made:

(1) From 1955 to 1960 there was continual economic growth in the U. S. with an increase in real income and in the standard of living for the employed work force.

(2) For the five year period, consumers spent about 93% of their net personal disposable income for goods and services. These percentages were relatively the same for each of the years. In connection with these expenditures, consumers tend to spend about the same percentage for non-durable goods, with fluctuations in expenditures for durable goods and services.

(3) During each of the five years, consumers have had increases in net financial savings, with 1955 being the lowest year. With the exception of 1955, these financial savings have averaged around 5% of disposable personal income, after allowing for changes in debt (SEC Estimates).

(4) In each of the five years aggregate financial savings ex-

ceeded, substantially, the net increases in consumer instalment debt outstandings, thus leaving saving funds to be utilized in other areas of the economy. This indicates that consumer instalment credit is not of itself, overall an inflationary force in the economy.

(5) In each of the five years, net changes in instalment credit outstandings held by Sales Finance Companies, as well as the volume of instalment credit extended by these institutions, have represented modest, or very low, percentages of consumer expenditures, durable goods expenditures, and financial savings of the country.

The behavior of these relationships during this period fails to sustain any contention that the credit activities of Sales Finance Companies contribute to price inflation or have an appreciable impact upon overall economic stability.

In the last five years American families have added substantially to their savings and increased purchases of goods and services. In 1959 they contracted for more than $48 billion in new installment debt, and paid back in "cold cash" over $43 billion.

At this pay-back rate, total new debt would be returned in approximately 13 months (43 into 48).

These figures illustrate the rapid turnover and fluidity of consumer debt and by their size show the importance of consumer credit to our economy and our high standard of living in the present.

One of the strongest features of consumer credit is that it is not a fixed debt, constantly hanging over the heads of the same people for the same items.

It turns over constantly and swiftly—even at a rate in advance of scheduled payments and maturities set forth in original contracts.

It must be observed that the consumer debt portfolio of a company and the nation is an accumulation of old accounts being paid out and new obligations for new items, being contracted each day by new buyers. Consumers therefore are constantly acquiring capital assets and returning to the market for other items.

The critical items in consumer credit are: (a) down payments, and (b) maturity, (pay-off period), and resulting fluctuations and increases in (c) equity of purchaser.

As long as there is not big easing of these terms there should not be any worrv about the total amount of credit.

In conclusion it is best to observe that the American Family is a pretty good business organization. These housewives and husbands plan very well—much better than government economists and regulators. Consumers will take care of themselves. If they feel loaded up with debt they will ease up—and not take on so much new debt.

The American Family is the best and wisest regulator of Consumer Debt.

*An address by Mr. Wonderlic at the 12th Annual National Consumer Credit Conference, Washington University, St. Louis, Mo.

Toppers to Hold Annual Outing

The "Toppers" will hold their annual outing at the Westchester Country Club, Rye, New York, on May 13.

Dean Witter Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Eugene Schulman has been added to the staff of Dean Witter & Co., 632 South Spring Street. He was formerly with H. Hentz & Co.

Current Policies of Pension Fund Investing

Continued from page 7

payments handled at no additional expense. A good many of the public and quasi-public pension funds have been invested in this type of mortgage in a rather substantial way over the past few years. Certain of the New York State funds, for example, have been quite large buyers of these mortgages.

We have already mentioned the fact that a common characteristic of all pension funds, whether industrial or public, is complete exemption from income taxes. Private and industrial pension funds qualify as a "charitable trust" under the Internal Revenue Laws. As a consequence, municipal bonds, the income from which is tax free, are unattractive to pension funds from the standpoint of yield and return. Only when a municipal bond includes non-callable features of particular attraction can a case really be made for a pension fund purchasing it. The non-call feature often offsets the disadvantages of the lack of protection against an early call for refunding purposes of currently available taxable bonds. This situation does occasionally arise, especially in the case of smaller and more obscure municipal bond issues that come to market. For the most part, however, tax free municipal bonds will always sell at a high price—at a premium—and out of reach of the pension funds as against taxable bonds. Buyers subject to taxation can well afford to pay the higher price in order to get the tax immunity of municipal securities.

It can be pointed out here, however, that a good many of the older, and especially the public pension funds, are substantial holders of local municipal bonds. These bonds were acquired or purchased for a variety of reasons. The fund may have been so restricted legally that it had to buy municipal bonds. Another reason, and probably a valid one, is the fact that most of the former purchases were rather small, obscure local issues that did not enjoy a good public market. They were non-callable, and for this reason they sold at a low price and a high yield. The purchase could be entirely justified because the pension fund managers knew that intrinsically the bonds were good credit and interest payments and maturity would be met right on schedule. An interesting fact is that during the depression years of the 1930's the State Teachers Retirement System of Ohio suffered no loss of principal during that period from its holdings of municipals. There were only some delays of interest and some delayed refundings — and this is significant because the pension fund is still a large holder of Ohio municipal bonds, most of which were bought years ago. Most of the issues held are either small, obscure credits or special situations that are such that they do not enjoy a wide public market, consequently they were bought at attractive prices at the time. But these, as noted, are really exceptions to the general rule. To sum up, there really is little reason why any pension fund, public or private, should consider tax free municipal bonds as a medium for the investment of funds.

By and large, *preferred stocks* are relatively unattractive for pension funds. They do not enjoy the credit standing of bonds, nor the income and growth prospects and possibilities of common stocks. But even more important, the dividends from preferred stocks enjoy a certain tax immunity for insurance company holders. As a result of insurance company buying the yields and returns on preferred stocks are for the most part rather out of line with the yields obtainable elsewhere. The spread between the yields on preferred stocks and bonds at the present time, for example, is rather narrow. This is so because insurance companies, particularly the fire and casualty companies, can afford to pay a higher price for a preferred stock than can a pension fund, due to the tax immunity of a large portion of the preferred stock dividends received. It is a rare occasion when a particularly large, high grade issue of preferred stock comes to market and the price and dividend return are sufficiently attractive to warrant a purchase by a pension fund. Only 1.9% of the Ohio Teachers Pension Fund is invested in preferred stocks at the present time.

Power and Light Industry Leading Borrowers

The largest field for the investment of all types of pension funds lies in taxable corporation bond issues. The tremendous plant expansion of many of our large corporations since World War II has brought about large scale borrowing of long term funds. Leading the entire field has been the electric power and light industry. It naturaly follows that pension fund investing today reflects the demand for money from the industry doing the big borrowing. Our own pension fund is currently nearly 25% invested in electric power and light bonds, with a 7% investment in securities of the Bell Telephone System and its subsidiaries, and a lesser amount in other telephone company securities. The demand on the part of the consuming public for electric power seems to be insatiable and there seems to be no slowing up of the expansion of the electric power industry. The big expansion of our railroads occurred several decades ago and since most pension funds have been created since the big development of our railroads, not many of them are holders of railroad securities to any great extent. The Ohio Teachers fund has a total of only about 6½% invested in railroad securities. The bulk of these are non-callable equipment trust certificates.

As to **foreign securities,** the experience of investors in foreign bonds, as well as foreign securities of all kinds, in the period from World War I to the 1930's, left much to be desired. Consequently, there is a real prejudice against foreign securities of any kind in many places. Furthermore, most foreign securities are not eligible for investment for many kinds of funds (including insurance companies). Likewise, foreign bonds and securities are not legal investments for most pension funds. An exception, in some cases, is made for Canadian securities. In just the past two or three years with the large expansion and development, and opening up of that stable country, the various Canadian provinces and municipalities have been large borrowers in the American market. In our own case, we have invested about 5% of our total funds in Canadian securities at the present time. The Canadian borrowings have had for the most part rather attractive refunding and non-call protection. This feature is particularly attractive during times of high interest rates, such as we have seen recently.

World Bank Offers Investing Possibilities

This brings us to a comparatively recent development in foreign lending. **The so-called "World Bank"** (the International Bank for Reconstruction and Development) offers a very interesting possibility for pension fund investing in projects overseas in a somewhat indirect way and with practically all of the risk removed. Undoubtedly the legal restrictions imposed on many of our pension funds should be **re-examined** in the light of this new institution with its accumulation of experience and know how, with a view toward making the long term borrowings of the World Bank eligible. This is true of our pension fund and it is undoubtedly true of many others. The possibilities in the next several years for large, long-term capital loans in the foreign field by the World Bank seem attractive, and the Bank's demand for long-term capital will continue to be very large. Investment in the bonds of the World Bank could very well be an excellent outlet for long-term pension funds in the years ahead.

Pension funds are particularly interested in call protection against an early refunding of bonds. As has been pointed out already, pension funds are long-term investors. The constant flow of cash makes liquidity, and short-term investing, completely unimportant. The investments that are being made today are for the purpose of funding the liability that will fall due on the pension fund years hence. So it becomes abundantly clear to a pension fund manager that during periods such as the present, when the demand for borrowed funds is large and interest rates and yields are high, that the pension fund should protect itself just as much as it can, against a large scale refunding of previously purchased bonds. If a sudden downward change in the interest rate structure should occur, and we have seen this happen on several occasions in the past, the pension fund would not only have the problem of keeping its current cash flow fully invested, but would also have the problem of reinvesting at the highest return it could get all of the funds from called bonds. There could be a veritable deluge of refundings. The compounded effect on the bond market could be truly dramatic, and would result in a change from a buyers' to a sellers' market very quickly. Many of the bonds being brought out today without call protection are, in effect, just short-term securities and the borrowers know it.

We now turn to the subject of **common stocks.** It is difficult for many people to break out of the "strait-jacket" of the past, out of what might be called orthodox investing. There is a vast difference between pension fund investing and bank and most insurance fund and trust fund investing. An excellent article in the **Harvard Business Review** in November-December 1958, Vol. 36, No. 6 entitled **"Common Stocks and Pension Fund Investing,"** by Paul L. Howell, brings this out. The article reports that most pension funds are set up on an actuarial expectation of earning 2.5% to 3%. Because of the long time involved in accumulation and subsequent distribution of the fund, the rate of return on invested funds is the dominant factor in determining pension costs to employees or benefits to retired members. The author points out that an increase in pension fund yield of just 1% (example from 2½% to 3½%) can increase benefits approximately 25% or decrease costs as much as 20%. This is a startling but true observation. The author points out further that because of the long period of time over which compound interest has an opportunity to work, an increase in the effective rate from 2.5% to 6% will increase accumulations so benefits can be nearly doubled, or costs correspondingly reduced. The author then asks the question, "Is the achievement of a 6% return so difficult or revolutionary or is it reasonably obtainable in actual conservative practice?" He then answers his own question by stating that he believes it is attainable by "A systematic program of periodic purchases of a diversified professionally selected list of common stocks," I quite agree with this thinking, and in case of our own pension fund we systematically invest at the present time approximately 10% of our monthly cash flow in a professionally selected list of common stocks. It is a "dollar averaging process," and the longer the program is carried out, the more evident becomes the proof that over a long period of accumulation our objective of a higher return on the total portfolio will be attained. Dollar averaging of common stocks, it should be cautioned, requires a great discipline, if the program is to be carried out on a long-range basis.

"Dollar Average" and "Formula" Investing

In our own case we "dollar average" during times like the present with high returns on bonds and lower return on common stocks. Should the situation be reversed, and bonds sell at lower yields and stocks at higher yields, we will switch to a "formula" basis of common stocks purchasing. Then a larger percentage of our monthly cash flow will go into commons and a smaller percentage into bonds. In our own case we have what we call a "built-in" policy as far as common stocks are concerned, in that we are limited by law to a maximum of 10% of the fund (based on cost) that can be invested in common stocks. At the present rate of purchase of common stocks on our dollar averaging basis, it will be years before the 10% limitation on the total fund is reached, Our approach to the common stock portion of our investment program is therefore, in reality, a very conservative one. Most pension funds are as yet taking a similarly conservative approach to the common stock question. A recent study of public pension funds made by the National Council on Teacher Retirement, showed that only twelve of the forty-nine funds reporting were permitted to buy common stock. I have already pointed out that it was not until just last year (1958) that the Bell System pension fund, one of the oldest and largest industrial funds, made the break, and changed the rules to permit 10% of that fund to be invested in commons.

We could go on and discuss many of the facets of investing for pension funds and current policies of investing. There are signs all around that current thinking is beginning to break away from some of the accepted practices of the past. Who knows — perhaps pension funds should carry a large percentage of common stocks. I have heard some pretty good cases made for even a 100% investment in commons. If you will study the problem yourselves you will find it a fascinating subject.

In this brief review of investment policies and practices of pension funds, with particular reference to the pension fund, the State Teachers Retirement System of Ohio, it has been possible only to touch on the principal problems of investment and to indicate only in a general way the present solutions to those problems.

Suffice it to say, pension funds offer an attractive source of capital borrowing to corporations and others, and provided the particular needs of pension funds are appropriately recognized in the terms of the securities offered, pension funds in turn will be ready sources of such needed capital.

*A paper by Mr. Hampton presented before the Investment Association of New York.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

★ A. K. Electric Corp. (5/31)
May 4 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—231 Front St., Brooklyn, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Ave., New York, N. Y.

Aero Industries, Inc. (5/23-27)
March 11 filed 250,000 shares of common stock (par 25 cents). **Price** — $3.30 per share. **Proceeds** — For new equipment, expansion of the business, and general corporate purposes. **Office**—Pottstown, Pa. **Underwriter**—Myron A. Lomasney & Co. of New York City.

Airport Parking Co. of America (6/13-17)
April 27 filed 42,574 shares of class A common stock (no par), including 25,000 shares to be issued and sold by the company and 17,574 shares which are outstanding and will be offered by the holders thereof. **Price** — To be supplied by amendment. **Proceeds**—Principally for various leasehold improvements. **Office**—1308 Prospect Ave., Cleveland, Ohio. **Underwriters**—L. F. Rothschild & Co., New York, and Murch & Co., Inc., Cleveland, Ohio.

Alaska Empire Gold Mining Co.
April 12 (letter of notification) $300,000 of 6% income notes to be offered in multiples of $100 each. **Price**—At face value. **Proceeds**—For mining expenses. **Address**—Juneau, Alaska. **Underwriter** — Stauffer Investment Service, 1206 N. W. 46th Street, Oklahoma City, Okla.

• Aid, Inc. (5/31-6/3)
April 28 filed 335,880 shares of common stock (par $1), of which 210,880 shares are outstanding and will be offered for the account of the holders thereof and 125,000 will be issued and sold by the company. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—7045 North Western Ave., Chicago, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

★ Allstate Consolidated, Inc.
May 2 (letter of notification) 100,000 shares of common stock (no par). **Price** — $3 per share. **Proceeds** — For working capital. **Office**—100-136 Michigan Ave., Detroit, Mich. **Underwriter**—None.

• All-State Properties, Inc. (5/12)
March 17 filed 870,132 shares of capital stock, to be offered for subscription by holders of outstanding shares of such stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce current indebtedness and for future operations. **Office**—Floral Park, L. I., N. Y. **Underwriters**—Bear, Stearns & Co. and Allen & Co., both of New York City.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

Alside, Inc.
April 28 filed 300,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Together with an additional sum of $6,000,000 to be borrowed for institutional lenders, will be used to provide consumer financing for the company's products by purchasing consumer paper from the company's distributors and dealers. **Office**—1415 Waterloo Road, Akron, Ohio. **Underwriter**—Reynolds & Co., Inc., New York. **Offering**—Expected in early June.

• Alterman Foods, Inc. (5/23-27)
March 18 filed 230,000 shares of common stock (par $2.50), of which 168,310 are to be offered by Bankers Securities Corp. and 61,690 on behalf of the company. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness, for working capital and other corporate purposes. **Office**—933 Lee St., S. W., Atlanta, Ga. **Underwriter**—Van Alstyne, Noel & Co., New York, has withdrawn. New underwriter is Kidder, Peabody & Co. **Note**—The name has been changed from Alterman-Big Apple, Inc.

★ Aluminum Specialty Co.
May 3 (letter of notification) 15,750 shares of series C, $1.20 cumulative convertible preferred stock (no par). **Price**—$19 per share. **Proceeds**—For working capital. Address—Manitowoc, Wis. **Underwriter**—Emch & Co., Milwaukee, Wis.

American Bowla-Bowla Corp.
April 15 filed 100,000 shares of common stock and warrants for the purchase of an additional 50,000 shares, The company proposes to offer these securities for public sale in units consisting of two shares of stock (par 25 cents) and one warrant. **Price**—$6.25 per unit. **Proceeds**—To cover an initial installment on the purchase price of two additional bowling centers; for furniture and fixtures thereon; and the balance to be added to

Continued on page 35

NEW ISSUE CALENDAR

May 12 (Thursday)

All-State Properties, Inc. ---------- **Capital**
(Offering to stockholders—underwritten by Bear, Stearns & Co. and Allen & Co.) 870,132 shares

American Penn Life Insurance Co. ---------- **Capital**
(Offering to stockholders—no underwriting) $3,570,000

May 13 (Friday)

American Stereophonic Corp. ---------- **Common**
(D. H. Victor & Co., Inc.) $100,000

Beltone Recording Corp. ---------- **Common**
(A. J. Gabriel Co., Inc.) $300,000

Holt, Rinehart & Winston, Inc. ---------- **Common**
(Goldman, Sachs & Co.; Allen & Co. and Shearson, Hammill & Co.) 331,740 shares

Keystone Electronics Co., Inc. ---------- **Common**
(J. A. Winston & Co., Inc. and Netherlands Securities, Inc.) $600,000

Mister Service, Inc. ---------- **Common**
(Jacey Securities Co.) $160,000

Moore-McCormack Lines, Inc. ---------- **Bonds**
(Kuhn, Loeb & Co. and Lehman Brothers) $10,000,000

Renner, Inc. ---------- **Common**
(Stroud & Co., Inc.) $300,000

May 16 (Monday)

American Security Corp. ---------- **Capital**
(Alex Brown & Sons; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.; Johnston, Lemon & Co. and Kidder, Peabody & Co.) 100,000 shares

Audion-Emenee Corp. ---------- **Common**
(Pistell, Schroeder & Co., Inc. and Bertner Bros.) 100,000 shares

Aviation Employees Corp. ---------- **Common**
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

Cosnat Record Distributing Corp. ---------- **Common**
(Mortimer B. Burnside & Co., Inc.) $300,000

Custom Craft Marine Co., Inc. ---------- **Common**
(R. A. Holman & Co., Inc.) $255,000

Deltown Foods, Inc. ---------- **Common**
(A. G. Becker & Co., Inc.) 115,000 shares

Doak Pharmacal Co., Inc. ---------- **Common**
(Ross Securities, Inc.) $300,000

Electronic Assistance Corp. ---------- **Common**
(Amos Treat & Co., Inc.) 152,698 shares

FXR, Inc. ---------- **Debentures**
(C. E. Unterberg, Towbin Co.) $2,000,000

Farrington Manufacturing Co. ---------- **Debentures**
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000

First National Realty & Construction Corp. ---------- **Pfd.**
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp. ---------- **Com.**
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp. ---------- **War.**
(H. Hentz & Co.) 150,000

Forest Hills Country Club Ltd. ---------- **Common**
(Jerome Robbins & Co.) $300,000

Founders Mutual Depositor Corp. ---------- **Common**
(Hecker & Co.) $292,500

Friendly Frost Inc. ---------- **Common**
(No underwriting) $1,125,000

General Shale Products Corp. ---------- **Common**
(Equitable Securities Corp.) 220,605 shares

Great American Realty Corp. ---------- **Debentures**
(Louis L. Rogers Co. and Hilton Securities, Inc.) $2,000,000

Great American Realty Corp. ---------- **Class A**
(No underwriting) 110,000 shares

Hampshire Gardens Associates ---------- **Units**
(B. C. Morton & Co., Inc.) $376,000

Hawley Products Co. ---------- **Common**
(Dean Witter & Co.) 90,000 shares

Hydra-Power Corp. ---------- **Debentures**
(Aetna Securities Corp. and D. Gleich Co.) $600,000

Ionics, Inc. ---------- **Common**
(Lee Higginson Corp.; Shields & Co. and C. E. Unterberg, Towbin Co.) 75,000 shares

I C Inc. ---------- **Common**
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000

Kenrich Petrochemicals, Inc. ---------- **Common**
(First Philadelphia Corp.) $192,500

Kenrich Petrochemicals, Inc. ---------- **Debentures**
(First Philadelphia Corp.) $175,000

Magnin (Joseph) Co., Inc. ---------- **Debentures**
(F. S. Smithers & Co.) $1,250,000

Magnin (Joseph) Co., Inc. ---------- **Common**
(F. S. Smithers & Co.) 78,000 shares

Marquette Corp. ---------- **Common**
(Carl M. Loeb, Rhoades & Co. and Piper, Jaffray & Hopwood) 461,431 shares

Mays (J. W.), Inc. ---------- **Common**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 317,500 shares

Medallion Pictures Corp. ---------- **Debentures**
(Hancock Securities Corp.) $300,000

Metalcraft Inc. ---------- **Common**
(First Broad Street Corp.; Bruno-Lenchner Inc.; Russell & Saxe; V. S. Wickett & Co., Inc. and Street & Co.) $304,950

Missile Electronics, Inc. ---------- **Common**
(Pleasant Securities Co.) $643,500

Monarch Tile Manufacturing, Inc. ---------- **Common**
(Rauscher, Pierce & Co., Inc.) 58,337 shares

Newark Electronics Corp. ---------- **Common**
(H. M. Byllesby & Co., Inc.) 200,000 shares

Pacemaker Boat Trailer Co., Inc. ---------- **Common**
(Jacey Securities Co. and First City Securities, Inc.) $300,000

Pendleton Tool Industries, Inc. ---------- **Common**
(Kidder, Peabody & Co. and McDonald & Co.) 50,000 shares

Peoples Telephone Corp. ---------- **Common**
(Offering to stockholders—no underwriting) $1,143,750

Rajac Self-Service, Inc. ---------- **Common**
(Walter R. Blaha & Co., Inc.) $300,000

Schaevitz Engineering ---------- **Common**
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Servonics, Inc. ---------- **Common**
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) 76,600 shares

Sire Plan of Normandy Isle, Inc. ---------- **Debentures**
(Sire Plan Portfolios, Inc.) $225,000

Sire Plan of Normandy Isle, Inc. ---------- **Preferred**
(Sire Plan Portfolios, Inc.) 4,500 shares

Smilen Food Stores, Inc. ---------- **Common**
(Federman, Stonehill & Co.) 200,000 shares

Spring Street Capital Co. ---------- **Common**
(William R. Staats & Co.) 3,000 shares

Squan Marina, Inc. ---------- **Common**
(B. Fennekohl & Co.) $300,000

Superior Electric Co. ---------- **Common**
(Lee Higginson Corp.) 150,000 shares

Telectro Industries Corp. ---------- **Debentures**
(Milton D. Blauner & Co., Inc.) $1,000,000

Thermal Industries of Florida, Inc. ---------- **Common**
(Peter Morgan & Co.) $720,000

Uranium Reduction Co. ---------- **Common**
(A. C. Allyn & Co., Inc.) 200,000 shares

Uris Buildings Corp. ---------- **Debentures**
(Kuhn, Loeb & Co.) $20,000,000

Uris Buildings Corp. ---------- **Common**
(Kuhn, Loeb & Co.) 400,000 shares

Wells Industries Corp. ---------- **Common**
(A. T. Brod & Co.) 300,000 shares

May 17 (Tuesday)

Dial Finance Co. ---------- **Common**
(White, Weld & Co., Inc.) 300,000 shares

Milwaukee Gas Light Co. ---------- **Bonds**
(Bids 11 a.m. EDT) $22,000,000

Otarion Listener Corp. ---------- **Common**
(D. A. Lomasney & Co.) $567,000

Straza Industries ---------- **Capital**
(J. A. Hogle & Co.) 230,000 shares

Telecomputing Corp. ---------- **Common**
(Dean Witter & Co.) 100,000 shares

May 18 (Wednesday)

General Atronics Corp. ---------- **Common**
(Harrison & Co.) $544,810

New York Central RR. ---------- **Equip. Trust Ctfs.**
(Bids noon EDT) $4,590,000

May 19 (Thursday)

Harburton Financial Corp. ---------- **Common**
(Simmons, Rubin & Co., Inc.) $298,500

May 20 (Friday)

Viewlex, Inc. ---------- **Class A**
(Stanley Heller & Co.) $800,000

May 23 (Monday)

Aero Industries, Inc. ---------- **Common**
(Myron A. Lomasney & Co.) $825,000

Alterman Foods, Inc. ---------- **Common**
(Kidder, Peabody & Co.) 230,000 shares

American International Aluminum Corp. ---------- **Common**
(Hardy & Co. and Filor, Bullard & Smyth) 400,000 shares

Anken Chemical & Film Corp. ---------- **Common**
(Offering to stockholders—underwritten by R. W. Pressprich & Co. and Riter & Co.) 145,703 shares

Big Laurel, Inc. ---------- **Common**
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares

Big Laurel, Inc. ---------- **Preferred**
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares

Cabana Pools, Inc. ---------- **Common**
(Mandell & Kahn, Inc.) $300,000

Chemical Packaging Co., Inc. ---------- **Common**
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Crawford Corp. ---------- **Common**
(A. G. Becker & Co., Inc.) 200,000 shares

Deluxe Aluminum Products, Inc. ---------- **Common**
(R. A. Holman & Co., Inc.) $350,000

Deluxe Aluminum Products, Inc. ---------- **Debentures**
(R. A. Holman & Co., Inc.) $330,000

Dubois Chemicals, Inc. ---------- **Common**
(Allen & Co.) 200,000 shares

Dynamic Films, Inc. ---------- **Common**
(Morris Cohon & Co.) $300,000

Dynatron Electronics Corp. ---------- **Common**
(General Securities Co., Inc.) $100,000

Englehard Industries, Inc. ---------- **Common**
(Dillon, Read & Co., Inc. and Lazard Freres & Co.) 400,000 shares

Federal Steel Corp. ---------- **Common**
(Westheimer & Co.) $295,000

Figurette, Ltd. ---------- **Common**
(Myron A. Lomasney & Co.) $600,000

Florida Builders, Inc. ---------- **Common**
(Jaffee & Co.) 80,000 shares

Forest City Enterprises, Inc. ---------- **Common**
(Bache & Co.) 450,000 shares

Gem International, Inc. ---------- **Common**
(Bosworth, Sullivan & Co., Inc. and Scherck, Richter Co.) 150,000 shares

Glass Magic Boats, Inc. ---------- **Common**
(R. A. Holman & Co., Inc.) 68,000 shares

Glass Magic Boats, Inc. ---------- **Debentures**
(R. A. Holman & Co., Inc.) $51,000

Goelet Corp. ---------- **Debentures**
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000

Goelet Corp. ---------- **Common**
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares

Goelet Corp. ---------- **Warrants**
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

Growth Capital, Inc. ---------- **Common**
(McDonald & Co. and Paine, Webber, Jackson & Curtis) $10,000,000

Hudson Vitamin Products, Inc. ---------- **Common**
(Bear, Stearns & Co.) 212,500 shares

Litecraft Industries, Ltd. ---------- **Debentures**
(P. W. Brooks & Co.) $750,000

Maryland Credit Finance Corp. ---------- **Common**
(Alex Brown & Sons) 28,250 shares

Midwestern Gas Transmission Co. ---------- **Bonds**
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co., Inc.) $60,000,000

Midwestern Gas Transmission Co. ---------- **Warrants**
(Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co., Inc.) 60,000 warrants

Miller & Van Winkle Co. ---------- **Class A**
(Whitmore, Bruce & Co.) $225,000

National Lawn Service Corp. ... **Common**
(Fund Planning Inc.) $300,000

National Packaging Corp. ... **Common**
(First Securities Corp.) $360,000

Obear-Nester Glass Co. ... **Common**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 210,045 shares

OK Rubber Welders, Inc. ... **Common**
(Bosworth, Sullivan & Co., Inc.) 50,000 shares

Ott Chemical Co. ... **Debentures**
(Offering to stockholders—underwritten by H. M. Byllesby & Co., Inc.) $450,000

Pacific Panel Co. ... **Common**
(Frank Karasik & Co., Inc.) $450,000

Pacific Vegetable Oil Corp. ... **Debentures**
(Dean Witter & Co. and Hooker & Fay, Inc.) $2,500,000

Piper Aircraft Corp. ... **Common**
(The First Boston Corp.) 100,000 shares

Precision Circuits, Inc. ... **Common**
(Myron A. Lomasney & Co.) 37,500 shares

Precision Circuits, Inc. ... **Debentures**
(Myron A. Lomasney & Co.) $250,000

Reliance Manufacturing Co. ... **Common**
(Glore, Forgan & Co.) 150,000 shares

Security Industrial Loan Association ... **Debentures**
(Lee Higginson Corp.) $500,000

Security Industrial Loan Association ... **Common**
(Lee Higginson Corp.) 50,000 shares

Service Instrument Corp. ... **Common**
(Pearson, Murphy & Co., Inc.) $300,000

Sierra Electric Corp. ... **Common**
(Marron, Sloss & Co., Inc.) $900,000

Southwest Forest Industries, Inc. ... **Common**
(White, Weld & Co.) 360,000 shares

Southwest Forest Industries, Inc. ... **Debentures**
(White, Weld & Co.) $12,000,000

Spartans Industries, Inc. ... **Common**
(Shearson, Hammill & Co. and J. C. Bradford & Co.) 120,000 shares

Teleregister Corp. ... **Debentures**
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) $6,000,000

Teleregister Corp. ... **Common**
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) 240,000 shares

Trans Tech Systems, Inc. ... **Common**
(Myron A. Lomasney & Co.) $650,000

Vector Manufacturing Co., Inc. ... **Common**
(Paine, Webber, Jackson & Curtis) 250,000 shares

Zero Manufacturing Co. ... **Common**
(Shields & Co.) 200,000 shares

May 24 (Tuesday)

Arizona Public Service Co. ... **Common**
(Offering to stockholders—underwritten by The First Boston Corp. and Blyth & Co., Inc.) 333,400 shares

Food Fair Stores, Inc. ... **Common**
(Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co.) 168,833 shares

Jersey Central Power & Light Co. ... **Bonds**
(Bids 11:00 a.m. N. Y. time) $7,000,000

National Old Line Life Insurance Co. ... **Common**
(Equitable Securities Corp.) 128,329 shares

May 25 (Wednesday)

Coca-Cola Bottling Co. of New York, Inc. ... **Com.**
(Eastman Dillon, Union Securities & Co.) 298,204 shares

Missouri Pacific RR. ... **Equip. Trust Ctfs.**
(Bids to be invited) $3,975,000

Texas Eastern Transmission Corp. ... **Debentures**
(Dillon, Read & Co., Inc.) $25,000,000

United Financial Corp. of California ... **Debentures**
(Lehman Brothers) $6,000,000

United Financial Corp. of California ... **Capital**
(Lehman Brothers) 120,000 shares

May 26 (Thursday)

Dynex, Inc. ... **Common**
(Myron A. Lomasney & Co.) 54,000 shares

Lite-Vent Industries, Inc. ... **Common**
(Peter Morgan & Co.) $520,000

May 27 (Friday)

North Central Co. ... **Common**
(No underwriting) 420,945 shares

May 31 (Tuesday)

A. K. Electric Corp. ... **Common**
(Hilton Securities, Inc.) $300,000

Ald, Inc. ... **Common**
(Dean Witter & Co.) 335,880 shares

American Frontier Life Insurance Co. ... **Capital**
(Union Securities Investment Co.) $1,600,000

Bevis Shell Homes, Inc. ... **Debentures**
(G. H. Walker & Co. and Bell & Hough, Inc.) $1,600,000

Bevis Shell Homes, Inc. ... **Common**
(G. H. Walker & Co. and Bell & Hough, Inc.) 1,000,000 shares

Bruce National Enterprises, Inc. ... **Common**
(George, O'Neill & Co., Inc.) $2,010,000

Brush Beryllium Co. ... **Common**
(Kuhn, Loeb & Co. and McDonald & Co.) 410,206 shares

Continental Capital Corp. ... **Capital**
(McDonnell & Co.) $3,290,000

Dalto Corp. ... **Common**
(No underwriting) 134,739 shares

Elco Corp. ... **Common**
(S. D. Fuller & Co.) 87,809 shares

Elco Corp. ... **Warrants**
(S. D. Fuller & Co.) 82,065

Elco Corp. ... **Debentures**
(S. D. Fuller & Co.) $1,000,000

Ets-Hokin & Galvan, Inc. ... **Common**
(Van Alstyne, Noel & Co.) $1,325,000

Federated Electronics, Inc. ... **Common**
(J. B. Coburn Associates, Inc.) $300,000

Florida Power & Light Co. ... **Common**
(Bids 3:45 p.m. EDT) 400,000 shares

Futterman Corp. ... **Class A**
(Reynolds & Co.) 660,000 shares

Henderson's Portion Pak, Inc. ... **Common**
(Burnham & Co.) 200,000 shares

Mattel, Inc. ... **Common**
(Bache & Co.) 300,000 shares

McGowen Glass Fibers Corp. ... **Common**
(Simmons, Rubin & Co., Inc.) $300,000

Namm-Loeser's Inc. ... **Common**
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares

Pacific Coast Properties, Inc. ... **Common**
(Bear, Stearns & Co.) 1,692,466 shares

Patrick County Canning Co., Inc. ... **Common**
(G. Everett Parks & Co., Inc.) $420,000

Pioneer Metals, Inc. ... **Common**
(Hancock Securities Corp.) $300,000

Republic Graphics Inc. ... **Common**
(Arrin & Co., Inc.; T. M. Kirsch & Co. and Robert A. Martin Associates, Inc.) $300,000

Safticraft Corp. ... **Common**
(George, O'Neill & Co., Inc.) $825,000

Swimming Pool Development Co., Inc. ... **Common**
(Marron, Sloss & Co., Inc.) $1,250,000

Wallace Properties, Inc. ... **Common**
(Harriman Ripley & Co., Inc.) 360,000 shares

Wallace Properties, Inc. ... **Debentures**
(Harriman Ripley & Co., Inc.) $12,000,000

Waltham Precision Instrument Co., Inc. ... **Common**
(Offering to stockholders—underwritten by Schweickart & Co.) 700,000 shares

June 1 (Wednesday)

Michigan Wisconsin Pipe Line Co. ... **Bonds**
(Bids to be invited) $30,000,000

Southwest Indemnity & Life Insurance Co. ... **Com.**
(Offering to stockholders—no underwriting) 238,590 shares

June 2 (Thursday)

National Cash Register Co. ... **Debentures**
(Dillon, Read & Co., Inc.) $40,000,000

Southern Electric Generating Co. ... **Bonds**
(Bids to be invited) $40,000,000

June 6 (Monday)

Chemo-Vive Processes, Inc. ... **Common**
(General Investing Corp.) $150,000

Chemtree Corp. ... **Common**
(Havener Securities Corp.) $262,750

Drug Associates, Inc. ... **Common**
(Fidelity Securities & Investment Co., Inc.) 10,000 shares

Drug Associates, Inc. ... **Bonds**
(Fidelity Securities & Investment Co., Inc.) $100,000

Harvey Aluminum, Inc. ... **Common**
(Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day) 750,000 shares

Illinois Beef, L. & W. S., Inc. ... **Common**
(Amos Treat & Co., Inc.) $2,600,000

Simmonds Precision Products, Inc. ... **Common**
(Shearson, Hammill & Co.) 112,500 shares

June 7 (Tuesday)

Northwestern Bell Telephone Co. ... **Debentures**
(Bids to be invited) $45,000,000

(A. G.) Spalding & Bros. Inc. ... **Common**
(Offering to stockholders—no underwriting) $1,799,680

Washington Gas Light Co. ... **Bonds**
(Bids 11:30 a.m. EDT) $12,000,000

June 8 (Wednesday)

Savannah Newspapers, Inc. ... **Common**
(Johnson, Lane, Space Corp.) $2,520,000

June 10 (Friday)

Foto-Video Electronics Corp. ... **Class B**
(D. F. Bernheimer & Co., Inc.) $500,000

June 13 (Monday)

Airport Parking Co. ... **Common**
(L. F. Rothschild & Co. and Murch & Co., Inc.) 42,574 shares

Compressed Concrete Construction Corp. ... **Common**
(Capital Accumulation Corp.) $300,000

Edgerton, Germeshausen & Grier, Inc. ... **Common**
(Kidder, Peabody & Co.) 120,000 shares

General Drive-In Corp. ... **Common**
(Paine, Webber, Jackson & Curtis) 180,000 shares

Oxford Manufacturing Co., Inc. ... **Common**
(W. C. Langley & Co. and Courts & Co.) 240,000 shares

Reeves Broadcasting & Development Corp. ... **Com.**
(Laird & Co. Corp.) $2,336,960

Warren Industries, Inc. ... **Common**
(Merritt, Vickers, Inc.) $525,000

Westmore, Inc. ... **Common**
(Jacey Securities Co.) $300,000

Whitmoyer Laboratories, Inc. ... **Common**
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc. ... **Debentures**
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

June 14 (Tuesday)

Consolidated Edison Co. of New York ... **Bonds**
(Bids to be received) $50,000,000

June 15 (Monday)

Garrett Corp. ... **Common**
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 100,000 shares

Harnischfeger Corp. ... **Preferred**
(The First Boston Corp.) 60,000 shares

June 20 (Monday)

Columbia Technical Corp. ... **Common**
(Diran, Norman & Co., Inc.; Cortland Investing Corp. and V. S. Wickett & Co., Inc.) $300,000

General Sales Corp. ... **Common**
(B. Fennekohl & Co., Inc.) 90,000 shares

Gulf States Utilities Co. ... **Bonds**
(12 noon EDT) $17,000,000

Laboratory For Electronics, Inc. ... **Common**
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 100,000 shares

United States Boat Corp. ... **Common**
(Richard Bruce & Co., Inc.) $700,000

June 27 (Monday)

Atlas Bowling Centers, Inc. ... **Common**
(Keller & Co.) 100,000 shares

C. F. C. Funding Inc. ... **Common**
(Darius, Inc.) $150,000

Lee Motor Products, Inc. ... **Common**
(Godfrey, Hamilton, Magnus & Co., Inc.) $501,000

Montgomery Ward Credit Corp. ... **Debentures**
(Lehman Brothers) $50,000,000

Saucon Development Corp. ... **Common**
(P. Michael & Co.) number of shares unknown

July 6 (Wednesday)

Illinois Bell Telephone Co. ... **Bonds**
(11:00 a. m. EDT) $50,000,000

Sierra Pacific Power Co. ... **Bonds**
(Bids to be invited) $3,000,000

July 7 (Thursday)

Gulf Power Co. ... **Preferred**
(Bids to be invited) $5,000,000

Gulf Power Co. ... **Bonds**
(Bids to be invited) $5,000,000

July 11 (Monday)

Laclede Gas Co. ... **Bonds**
(Bids 11:00 a. m. DST) $10,000,000

July 12 (Tuesday)

Central Illinois Electric & Gas Co. ... **Bonds**
(Bids to be invited) $10,000,000

July 13 (Wednesday)

Northern Illinois Gas Co. ... **Bonds**
(11:00 a. m. EDT) $25,000,000

July 14 (Thursday)

Laclede Gas Co. ... **Common**
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and Reinholdt & Gardner) $5,000,000

July 19 (Tuesday)

New Jersey Power & Light Co. ... **Bonds**
(11:00 a. m. EDT) $6,000,000

July 26 (Tuesday)

Consumers Power Co. ... **Debentures**
(Bids to be invited) $38,101,600

August 9 (Tuesday)

Southwestern Bell Telephone Co. ... **Debentures**
(Bids to be invited) $100,000,000

September 13 (Tuesday)

Virginia Electric & Power Co. ... **Bonds**
(Bids to be invited) $25,000,000

September 27 (Tuesday)

Indianapolis Power & Light Co. ... **Bonds**
(11:00 a. m. N. Y. Time) $12,000,000

October 18 (Tuesday)

Louisville Gas & Electric Co. ... **Bonds**
(Bids to be invited) $16,000,000

November 3 (Thursday)

Georgia Power Co. ... **Bonds**
(Bids to be invited) $12,000,000

December 6 (Tuesday)

Northern States Power Co. (Minn.) ... **Bonds**
(Bids to be invited) $35,000,000

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working capital and be available for general corporate purposes. **Office**—400 38th St., Union City, N. J. **Underwriter**—Hill, Thompson & Co., Inc., New York. **Offering**—Expected in early June.

American Capital Life Insurance Co.

April 15 filed 96,450 shares of class "A" common capital stock. **Price**—$5.80 per share **Proceeds**—For general corporate purposes. **Office**—917 15th St., N. W., Washington, D. C. **Underwriter**—None.

American Convalescent Foundation, Inc.

March 31 (letter of notification) 60,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To pay the balance on new land, retirement of short-term bank loans, payment for additional equipment and furnishings and for working capital. **Office**—3267 Southeast Hawthorne Boulevard, Portland, Ore. **Underwriter**—Jerry A. Barfoot, Portland, Ore.

American Frontier Life Insurance Co. (5/31-6/3)

Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds**—To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

American International Aluminum Corp. (5/23-27)

April 13 filed 400,000 shares of common stock (par 25c). **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—4851 N. W. 36th Ave., Miami, Fla. **Underwriters**—Hardy & Co. and Filor, Bullard & Smyth, both of New York.

American Mortgage Investment Corp.

April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

● **American Penn Life Insurance Co. (5/12-13)**

March 30 filed registration of 127,500 shares of capital stock (par $10) to be offered for subscription by stockholders of record on April 28, 1960 with rights to expire 30 days from offering date. Subscription rate on 105,000 shares of the stock will be three additional shares for each one share held. Of the remaining 22,500 shares the offering will be on the basis of nine shares for each 14 shares held, and all unsold shares of this block will

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be offered under warrants granted in accordance with the company's Agent's Stock Option Plan. **Price**—$28 per share. **Proceeds** — To increase capital and surplus. **Office**—203 S. 15th St., Philadelphia, Pa. **Underwriter**—None.

★ American Rubber & Plastics Corp.
May 11 filed 200,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — La Porte, Ind. **Underwriter** — Hornblower & Weeks, New York City.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

● American Security Corp. (5/16-20)
March 28 filed 100,000 shares of capital stock (par $2). The company is an affiliate of American Security & Trust Co. by reason of the fact that each of their stockholders owns the same number of outstanding shares of each entity. It is proposed to offer the 100,000 shares of American Security stock and a like number of shares of the $10 par capital stock of the Trust Company in units of one share of stock of each issuer; and the units are to be offered for subscription by stockholders of each issuer at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—American Security will use its proceeds in part to repay current indebtedness incurred incident to the purchase of the non-banking assets of The City Bank of Washington, with the balance added to working capital for general corporate purposes. **Office**—734 15th Street, N. W., Washington, D. C. **Underwriters**—Alex Brown & Sons, Baltimore, Md.; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. and Johnston Lemon & Co., Washington, D. C.; and Kidder, Peabody & Co., New York.

● American Stereophonic Corp. (5/13-17)
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—D. H. Victor & Co., Inc., New York, N. Y.

Anken Chemical & Film Corp. (5/23)
April 7 filed 145,703 shares of common stock (par 20 cents), to be offered for subscription by holders of outstanding common stock at the rate of one new share for each six shares held. **Price**—To be supplied by amendment. **Proceeds**—$1,950,000 will be applied toward the purchase of certain properties and assets of the Sperry Rand Corp.; $140,000 will be used to retire short-term bank loans; and the balance for general corporate purposes. **Office**—1 Hicks Ave., Newton, N. J. **Underwriters**—R. W. Pressprich & Co. and Riter & Co., both of New York.

★ Arco Electronics, Inc.
May 10 filed 140,000 shares of class A common stock. **Price** — To be supplied by amendment. **Proceeds** — $350,000 for general corporate purposes and the balance for working capital. **Office**—New York City. **Underwriter**—Michael G. Kletz & Co., Inc., New York City.

Arizona Public Service Co. (5/24)
April 22 filed 333,400 shares of common stock (par $5), to be offered to holders of the company's currently outstanding common stock at the rate of one new share for each 10 shares held of record May 24, 1960 with rights to expire on June 14 at 3:30 p.m. (EDST). **Price**—To be supplied by amendment. **Proceeds** — For construction purposes and payment of loans incurred for such purposes. **Office** — 501 South 3rd Avenue, Phoenix, Ariz. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

● Atlas Bowling Centers, Inc. (6/27)
May 2 filed 100,000 shares of class A common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — For additional working capital. **Office** — 255 Huntington Avenue, Boston, Mass. **Underwriter**—Keller & Co., Boston, Mass.

Audion-Emenee Corp. (5/16)
March 29 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New York City. **Underwriters**—Pistell, Schroeder & Co., Inc., and Bertner Bros., both of New York City.

★ Automobile Bankers of South Dakota
April 28 (letter of notification) $250,000 of 6½% 10-year subordinated debentures to be offered in denominations of $250 each. **Price**—At face value. **Proceeds**—For working capital. **Address**—Rapid City, S. D. **Underwriter**—None.

● Aviation Employees Corp. (5/16)
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

● Beltone Recording Corp. (5/13)
Feb. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—4 W. 31st Street, New York 1, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

★ Ben Mining Corp.
April 27 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—c/o Leonard W. Noyes, Pres., 2516 Beth Dr., Billings, Mont. **Underwriter**—None.

● Bevis Shell Homes, Inc. (5/31-6/3)
March 30 filed $1,600,000 of 9% subordinated sinking fund debentures due 1985 and 1,000,000 shares of common stock, to be offered for public sale in units (200,000), at $15.50 per unit, each unit to consist of five common shares, one $8 par debenture, and warrants for the purchase of two additional units of one common share and one $8 debenture at $9.50 per unit. **Proceeds**—$2,000,000 will be used to increase the company's holdings of mortgages placed on the shell homes it sells; and $1,600,000 to be used to increase its holding of mortgages will be placed in escrow for that purpose; and the balance for general corporate purposes. **Office**—Tampa, Fla. **Underwriters**—G. H. Walker & Co., New York City and Beil & Hough, Inc. of St. Petersburg, Fla., as co-managers.

● Big Laurel, Inc. (5/23-7)
March 22 filed 400,000 shares of 7% cumulative preferred stock (par $2.80) and 400,000 shares of common stock (par 10 cents), to be offered in units of one share of preferred and one share of common. **Price**—$3 per unit. **Proceeds**—To develop a resort community and for working capital. **Office**—Bryson City, N. C. **Underwriters**—Pearson, Murphy & Co., Inc., New York City, and Mackay & Co., Reading Pa

Birtcher Corp.
March 29 filed $500,000 of 6% convertible subordinated debentures, due April 30, 1975. **Price**—At par. **Proceeds**—To pay bank loans incurred to augment working capital. **Office** — Los Angeles, Calif. **Underwriter** — Quincy Cass Associates, Los Angeles, Calif.

● Bowers Battery & Spark Plug Co.
March 29 filed 280,000 shares of common stock (no par), of which 250,000 shares will be offered for public sale at $6 per share and 30,000 shares will be offered to selected employees at $5.40 per share. **Proceeds** — Between $200,000 and $300,000 is expected to be expended before 1961 for starting up costs, including initial rents of the new plant in the southeastern portion of the United States which it hopes to obtain and open before the end of the year; an additional $250,000 is expected to be expended either by the company or through its subsidiaries for the improvement of certain of its manufacturing facilities, such as additional mechanization and material control handling and for experimental work in connection with beryllium; and the balance of the proceeds will be added to the company's general funds. **Office**—Reading, Pa. **Underwriter** — Dempsey-Tegeler & Co., St. Louis and New York. **Offering**—Expected at the end of May.

Bruce National Enterprises, Inc. (5/31-6/3)
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George O'Neill & Co., Inc., New York.

Brush Beryllium Co. (5/31-6/3)
April 11 filed 410,206 shares of common stock, of which 260,000 shares are to be offered for the account of the issuing company and 150,206 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — For expansion. **Office**—Cleveland, Ohio. **Underwriters**—Kuhn, Loeb & Co., New York City, and McDonald & Co., Cleveland.

C-E-I-R, Inc.
March 30 filed 122,000 shares of class A voting stock. The company proposes to offer this stock for subscription by holders of outstanding class A voting and class B non-voting stock, at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—To be used to the extent necessary to defray the full cost of the Telecomputing Services acquisition, and the balance will be applied to "other phases of the program." **Office**—1200 Jefferson Davis Highway, Arlington, Va. **Underwriter**—To be supplied by amendment.

★ C. F. C. Funding Inc. (6/27)
May 6 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—90 Broad St., New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

● Cabana Pools, Inc. (5/23-27)
March 31 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 640 Fifth Avenue, New York, N. Y. **Underwriter** — Mandell & Kahn, Inc., Time-Life Building, Rockefeller Center, New York, N. Y.

Capital Shares Inc., San Francisco, Calif.
May 3 filed 1,100,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To increase capital and surplus and for working capital. **Underwriter**—None.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus. **Offering**—Imminent.

● Chemical Packaging Co., Inc. (5/23-27)
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For general corporate purposes. **Office** — 755 Utica Avenue, Brooklyn, N. Y. **Underwriters**—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

Chemo-Vive Processes, Inc. (6/6-10)
April 22 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To purchase machinery and equipment and the balance for working capital. **Office** — 609-11 Fourth Avenue, Juniata, Altoona, Pa. **Underwriter** — General Investing Corp., New York, N. Y.

Chemtree Corp. (6/6-10)
April 19 (letter of notification) 262,750 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington 99, Del. **Underwriter**—Havener Securities Corp., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

Coca-Cola Bottling Co. of New York (5/25)
April 19 filed 298,204 outstanding shares of its common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Listing**—The company intends to apply for NYSE listing.

Cold Lake Pipe Line Co., Ltd.
Feb. 5 filed 200,000 shares of common stock. **Price**—At the market, at time of offering. **Proceeds**—For general corporate purposes. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—Michael Fieldman, New York.

● Colorado Caterers, Inc.
April 8 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—7626 Old Georgetown Road, Bethesda, Md. **Underwriter**—E. A. Burka, Inc., Washington, D. C. **Note** — The SEC has announced May 9 that an anti-fraud proceeding has been filed against Mr. Burka and his firm.

★ Columbia Technical Corp. (6/20-24)
May 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 61-02 31st Ave., Woodside, L. I., N. Y. **Underwriters**—Diran, Norman & Co., Inc., V. S. Wickett & Co., Inc., and Cortlandt Investing Corp., New York, N. Y.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

★ Compressed Concrete Construction Corp. (6/13-20)
May 9 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 313 W. Jericho Turnpike, Huntington, L. I., N. Y. **Underwriter**—Capital Accumulation Corp., Franklin National Bank Bldg., Roosevelt Field, Garden City, N. Y.

Connecticut & Chesapeake, Inc.
April 29 filed $585,000 of 4½% promissory notes and 2,250 shares of common stock. It is proposed to offer these securities for public sale in units, each consisting of $260 of notes and one share of stock, provided that the minimum purchase shall be 10 units for a minimum consideration of $3,600 ($2,600 of notes and 10 shares of stock). **Price**—$360 per unit. **Proceeds**—For repayment of certain advances made to the company. **Office**—724-14th Street, N. W., Washington, D. C. **Underwriter**—Shannon & Luchs Securities Corp.

Constellation Life Insurance Co.
March 29 filed 1,350,000 shares of common stock, of which 350,000 shares will be reserved for stock options, 150,000 shares will be offered to holders of the outstanding common on a "first-come-first-served" basis at $3.25 per share, and 850,000 shares will be publicly offered. **Price**—$3.50 per share. **Proceeds**—To general funds. **Office** — Norfolk, Va. **Underwriter** — Willis, Kenny & Ayres, Inc., Richmond, Va.

Continental Capital Corp. (5/31-6/3)
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office**—715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, Mass.

Cosmopolitan Insurance Co.
March 30 (letter of notification) 58,000 shares of capital stock (Par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—4620 N. Sheridan Road, Chicago, Ill. **Underwriter**—Link, Gorman, Peck & Co., Chicago, Ill.

Consolidated Realty Investment Corp.
April 19 filed 235,000 shares of capital stock (par $10). **Price**—$14 per share. **Proceeds**—For investment in small

business concerns, and to the extent necessary may use a portion thereof to retire its outstanding subordinated debenture in the amount of $150,000 held by the Small Business Administration. **Office** — 120 Montgomery Street, San Francisco, Calif. **Underwriter** — McDonnell & Co., Inc., New York.

• Cosnat Record Distributing Corp. (5/16-20)
Feb. 29 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—315 W. 47th Street, New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y.

Country Club Corp. of America
April 29 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For repayment of outstanding debt, including payment of mortgages, taxes, notes, and miscellaneous accounts payable; for general corporate purposes and construction of new facilities. **Office** — 1737 H. Street, N. W., Washington, D. C. **Underwriter**—A. J. Gabriel Co., Inc., New York.

• Crawford Corp. (5/23-26)
March 28 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for public sale for account of issuing company and the balance, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be initially added to working capital and used for general corporate purposes, including but not limited to the reduction of short-term bank loans ($5,921,872 outstanding at Dec. 31, 1959, including $5,199,800 of bank loans made directly to an unconsolidated subsidiary). It is contemplated that the additional funds will be used to acquire land for development or resale to dealers, construction loans to builder-dealers, expansion of the company's market area, and the possible manufacture and erection, in cooperation with builders, of "shell" house packages for completion by the home owner on a "do-it-yourself" basis. **Office**—7111 Florida Boulevard, Baton Rouge, La. **Underwriter**—A. G. Becker & Co., Inc., of Chicago and New York.

Custom Craft Marine Co., Inc. (5/16)
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

• Dalto Corp. (5/31-6/3)
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—None.

• Dart Drug Corp.
March 30 filed 200,000 shares of class A common stock, of which 170,000 shares are to be offered for public sale on behalf of the issuing company and 30,000 shares, being outstanding stock, on behalf of the present holders thereof. **Price**—$5 per share. **Proceeds**—For repayment of corporate indebtedness and for working capital. **Office**—5458 Third St., N. E., Washington, D. C. **Underwriter**—Hodgdon & Co., Washington, D. C. **Offering**—Expected sometime in June.

Defense Electronics, Inc.
April 12 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For machinery and electronic test equipment, working capital and a reserve fund. **Address**—Rockville, Md. **Underwriter**—Balogh & Co., Inc., Washington, D. C.

• Deltown Foods, Inc. (5/16-20)
March 22 filed 115,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Yonkers, N. Y. **Underwriter**—A. G. Becker & Co., Inc., New York City.

Deluxe Aluminum Products, Inc. (5/23)
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla. **Underwriter**— R. A. Holman & Co., Inc.

Development Credit Corp. of Maryland
March 29 filed 2,000,000 shares of common stock. **Price**—$1.10 per share. **Proceeds** — For general corporate purposes. **Office**—22 Light St., Baltimore, Md. **Underwriter**—None.

• Dial Finance Co. (5/17-18)
March 25 filed 300,000 shares of common stock (no par), including 150,000 shares which are outstanding and will be offered for public sale by the holders thereof, and the remaining 150,000 will be offered for the company's account. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and will be used initially to reduce short term debt. **Office**—207 Ninth St., Des Moines, Iowa, **Underwriter**—White, Weld & Co., Inc., New York.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

• Diversified Realty Investment Co.
April 26 filed 250,000 shares of common stock. **Price**—$5 per share (par 50 cents). **Proceeds** — For additional working capital. **Office**—919 18th Street, N. W., Washington, D. C. **Underwriter**—Ball, Pablo & Co., Washington, D. C.

Doak Pharmacal Co. Inc. (5/16-20)
April 28 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—99 Park Avenue, New York, N. Y. **Underwriter**—Ross Securities, Inc., 99 Wall Street, New York 5, N. Y.

★ Drug Associates, Inc. (6/6-10)
May 6 (letter of notification) 100 units of $100,000 of 7% sinking fund debenture bonds and 10,000 shares of common stock (par $1) to be offered in units consisting of one $1,000 debenture and 100 shares of common stock. **Price**—$1,100 per unit. **Proceeds**—For general corporate purposes. **Office**—1238 Corlies Ave., Neptune, N. J. **Underwriter**—Fidelity Securities & Investment Co., Inc., Asbury Park, N. J.

• Dubois Chemicals, Inc. (5/23-27)
March 30 filed 200,000 shares of common stock (par $1) to be publicly offered and 125,000 shares issuable under the company's Restricted Stock Option Incentive Plan for key employees. **Price**—To be supplied by amendment. **Proceeds**—To reduce a bank loan in the amount of $2,681,000. **Office**—634 Broadway, Cincinnati, O. **Underwriter**—Allen & Co., New York.

• Durox of Minnesota, Inc.
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn. **Offering**—Imminent.

Dworman Corp.
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City. **Note**—This offering has been postponed.

• Dymo Industries, Inc.
April 11 filed 150,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Approximately $200,000 of the proceeds from the sale of the stock will be used for the purchase and installation of machinery and equipment in a new plant which the company is presently negotiating to lease; $400,000 will be used for the acquisition of tools, dies, jigs and fixtures; $100,000 for leasehold improvements; and the balance for working capital. **Office**—2546 Tenth St., Berkeley, Calif. **Underwriter** — William R. Staats & Co., Los Angeles, California. **Offering**—Expected in early June.

• Dynamic Films, Inc. (5/23-27)
March 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 405 Park Avenue, New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y.

Dynatron Electronics Corp. (5/23-27)
April 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—178 Herricks Road, Mineola, N. Y. **Underwriter**—General Securities Co., Inc., New York, N. Y.

Dynex, Inc. (5/26)
March 15 filed 54,000 common shares (25 cents par) and warrants for an additional 5,000 shares of this stock. The company proposes to make a public offering of 30,000 shares. Of the additional 24,000 shares, 20,000 are being issued in escrow for the account of, and may be resold by, the holders of capital stock and certain creditors of Matronics, Inc., after July 22, 1960 at the then prevailing market price; and 4,000 shares for the account of the holders of the common stock and a creditor of Optics Manufacturing Corp. The 5,000 warrants are being issued to stockholders and certain creditors of Matronics, Inc. **Price**—To be supplied by amendment. **Proceeds**—To finance the activities of the two newly-acquired concerns, to finance the starting of inventories and advertising incident to new products, to purchase additional equipment and inventory for the manufacture and production of contracts for other concerns, and to expand the scope of the company's business. **Office**—123 Eileen Way, Syosset, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

★ E-H Research Laboratories, Inc.
April 28 (letter of notification) 15,000 shares of capital stock (par $1). **Price**—$10 per share. **Proceeds**—To liquidate bank borrowings and for working capital. **Office**—163 Adeline St., Oakland, Calif. **Underwriter**—None.

• E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected in late June.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

★ Edgerton, Germeshausen & Grier, Inc. (6/13-20)
May 5 filed 120,000 shares of common stock (par $1) of which 20,000 shares are now outstanding and are to be offered for public sale by the holders thereof and 100,000 shares are to be offered by the company. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 160 Brookline Ave., Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

Edwards Engineering Corp.
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl & Company, Inc., New York City and Newark, N. J.

Eico Corp. (5/31-6/3)
April 22 filed $1,000,000 of 6% convertible subordinated debentures due May 15, 1975, 82,065 common stock purchase warrants, and 87,809 shares of common stock reserved against the exercise of the warrants. **Price**—100% of principal amount plus accrued interest from May 15, 1960. **Proceeds**—For retirement of the company's indebtedness to The First Pennsylvania Banking & Trust Co., and for the purchase of machinery and equipment. **Location**—"M" Street below Erie Avenue, Philadelphia, Pa. **Underwriter**—S. D. Fuller & Co., New York.

• Electrada Corp.
March 29 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisitions, debt reduction, and other corporate purposes. **Office**—9744 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Bache & Co., New York.

Electronic Assistance Corp. (5/16-20)
March 17 filed 122,500 shares of common stock (par 10 cents), of which 72,500 shares are to be offered for public sale for the account of the company and the remaining 50,000 shares, now outstanding, by Robert Edwards, company president. **Price**—To be supplied by amendment. **Proceeds**—$20,000 will be used to further equip its engineering department and office, $60,000 for research and development, and $20,000 for advertising and promotion. The balance of the proceeds of approximately $594,750 will be added to working capital. **Office**—20 Bridge Ave., Red Bank, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

Electrosolids Corp.
April 25 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay borrowings, expand the company's facilities and for working capital. **Office**—13745 Saticoy Street, Van Nuys, Calif. **Underwriter**—Morgan & Co., Los Angeles, Calif.

• Englehard Industries, Inc. (5/23-27)
Mar. 30 filed 400,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to reduce outstanding amount of term notes, and the balance to reduce outstanding short-term indebtedness and increase working capital. **Office**—Newark, N. J. **Underwriters** — Dillon, Read & Co. Inc., and Lazard Freres & Co., both of New York City.

Espey Mfg. & Electronics Corp.
April 29 filed 80,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Saratoga Springs, N. Y. **Underwriter** — Sutro Bros. & Co., New York. **Offering**—Expected in mid-June.

Esquire Radio & Electronics, Inc.
March 30 filed 150,000 shares of common stock (par 10c). **Price**—$5 per share. **Proceeds**—$73,000 will be used to replace funds used by company for payment of subordinated notes; $50,000 to repay short-term bank obligations; and the balance of approximately $477,000 will be added to working capital and used for general corporate purposes, including financing of finished and raw material inventory. **Office**—39 Broadway, New York. **Underwriter**—Myron A. Lomasney & Co. **Offering**—Expected sometime in June.

• Ets-Hokin & Galvan, Inc. (5/31-6/3)
March 28 filed 250,000 shares of common stock (par $1). **Price**—$5.30 per share. **Proceeds**—To be added to company's working capital and will be used principally to reduce some $1,000,000 of its accounts payable. The balance will be used to reduce notes payable to the Bank of America National Trust & Savings Association. **Office**—551 Mission St., San Francisco, Calif. **Underwriter**—Van Alstyne, Noel & Co., New York.

• FXR, Inc. (5/16-20)
March 30 filed $2,000,000 of convertible subordinated debentures, due 1970. **Price**—To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term notes and up to $375,000 is to be invested in Micromega Corp.; the balance of the proceeds will be used to acquire new facilities, to maintain necessary inventory to meet current and anticipated sales requirements, to supplement working capital and for other general corporate purposes. **Office**—26-12 Borough Place, Woodside, N. Y. **Underwriter**—C. E. Unterberg, Towbin Co.

Farrington Manufacturing Co. (5/16-20)
March 25 filed $6,000,000 of subordinated convertible debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to be applied to the pay-

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ment of bank loans; $2,800,000 to the scanner program in 1960, including (a) $1,000,000 for expenditures by Farrington Electronics, Inc., a newly-formed date processing subsidiary, for inventory, 250,000 to purchase and test equipment for producting scanners and $250,000 as working capital; and (b) $1,300,000 for research and development. **Office**—77 A St., Needham, Mass. **Underwriters**—Cyrus J. Lawrence & Sons, New York City; and Brawley, Cathers & Co., Toronto, Ontario, Canada.

• Federal Steel Corp. (5/23-27)
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

• Federated Electronics, Inc. (5/31-6/3)
April 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—139-14 Jamaica Avenue, Jamaica, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y.

Fidelity Acceptance Corp.
March 24 (letter of notification) 12,000 shares of class H 6% cumulative preferred stock. **Price**—At par (25) per share). **Proceeds**—For working capital. **Office**—820 Plymouth Bldg., Minneapolis, Minn. **Underwriter**—Ray F. Kersten, 3332 E. Orange Dr., Phoenix, Ariz.

Figurette, Ltd. (5/23-27)
March 3 filed 100,000 shares of class A common stock, (par 50 cents) **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co,. Inc., New York and Philadelphia. **Offering**—Delayed.

• First National Realty & Construction Corp. (5/16-20)
April 25 filed 150,000 shares of cumulative convertible preferred stock first series, $8 par, redeemable by the company on or after May 15, 1963 at $10 per share, and 150,000 shares of common stock (par 10 cents). It is proposed that these securities will be offered in units, each unit consisting of one share of preferred and one share of common. **Price**—To be supplied by amendment. **Proceeds**—$257,000 will be used to repay loans made by an officer and director of the company and a corporation controlled by him to provide funds for apartment house construction; about $500,000 will be used for the repayment of a portion of bank notes; and the balance will be added to working capital for use in the acquisition of new properties and for the company's construction program. **Office** — 630 Third Avenue, New York. **Underwriter**—H. Hentz & Co., New York.

Flick-Reedy Corp.
March 14 filed $691,800 of registered subordinated debentures, 6%, due February, 1972, and 69,180 shares of common stock. The company proposes to offer these securities in units, each consisting of a $100 debenture and 10 common shares. **Price**—$115 per unit. **Proceeds**—For reduction of accounts payable and corporate indebtedness. **Office**—Bensenville, Ill. **Underwriter**—None.

Florida Builders, Inc. (5/23-27)
Mar. 30 filed 80,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Between $200,000 and $250,000 will be used to establish or acquire a Federal Housing Administration approved mortgage financing and service company; $200,000 will be used to pay off bank loans; and the balance for working capital. **Office**—700 43rd St. South, St. Petersburg, Fla. **Underwriter**—Jaffee & Co., New York.

Florida Home Insurance Co.
March 30 filed 17,500 shares of common stock to be offered to holders of the company's 85,995 outstanding common shares at the rate of one share for each five shares held. Unsubscribed shares will be offered to employees and officers of the company who are stockholders without further offering of such unsubscribed shares to other stockholders of the company. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to be held in cash or invested in securities. **Office** — 1335 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

Florida Power & Light Co. (5/31)
May 3 filed 400,000 shares of common stock. **Proceeds**—To provide additional electric facilities and for other corporate purposes. **Office**—Ingraham Building, Miami, Fla. **Underwriter** — To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc. **Bids** — Expected to be received up to 3:45 p.m. (EDT) on May 31.

Food Fair Stores, Inc. (5/24)
April 14 filed 168,833 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—2223 Allegheny Ave., Philadelphia, Pa. **Underwriters**—Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co., both of New York.

• Forest City Enterprises, Inc. (5/23-27)
Mar. 29 filed 450,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for working capital. **Office**—17903 St. Clair Ave., Cleveland, O. **Underwriter**—Bache & Co., New York.

• Forest Hills Country Club, Ltd. (5/16-20)
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City.

• Foto-Video Electronics Corp. (6/10)
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—D. F. Bernheimer & Co., Inc., New York City.

Founders Mutual Depositor Corp. (5/16-20)
March 25 (letter of notification) 60,000 shares of common stock, class A (no par). **Price**—$4.87½ per share. **Proceeds**—To go to selling stockholders. **Office**—2401 First National Bank Bldg., Denver, Colo. **Underwriter**—Hecker & Co., Philadelphia, Pa.

Franklin Corp.
April 26 filed 1,000,000 shares of common stock (par value $1). **Price**—$10 per share. **Proceeds**—For investment. **Office** — 925 Hempstead Turnpike, Franklin Square, New York. **Underwriter**—Blair & Co. Incorporated, New York. **Offering**—Expected in early June.

• Friendly Frost Inc. (5/16-20)
April 5 filed 150,000 shares common stock (par 10c). An additional 96,500 shares included in the registration statement are reserved for the company's Employees' Stock Option Plan. **Price**—$7.50 per share. **Proceeds**—For repayment of bank loans, for company's expansion program, and the balance for working capital. **Office**—123 Frost Street, Westbury, L. I., N. Y. **Underwriter**—None.

Futterman Corp. (5/31-6/3)
April 1 filed 660,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Office**—580 Fifth Avenue, New York. **Underwriter**—Reynolds & Co., New York.

Gamble Brothers
April 14 (letter of notification) 12,500 shares of common stock (par $5) of which 11,246 shares are to be offered for subscription to stockholders of record as of April 26, 1960 on the basis of one new share for each share held. **Price**—To stockholders, $18.50 per share; to the public, $22.50 per share. **Proceeds**—For an expansion program. **Office**—4601 Allmond Avenue, Louisville, Ky. **Underwriter** — Stein Bros. & Boyce, Baltimore, Md.

★ Garrett Corp (6/15)
May 5 filed 100,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To reduce presently outstanding indebtedness. **Office**—9851 Sepulveda Blvd., Los Angeles, Calif. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

★ Gateside-Trenton Co.
May 9 filed $400,000 of limited partnership interests. **Proceeds**—To purchase and operate, subject to a net lease, the office building in Trenton, N. J., known as The Broad Street Bank Building. **Office** — 521 Fifth Ave., New York. **Underwriter**—None.

• Gem International, Inc. (5/23-6/3)
Mar. 29 filed 150,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$125,000 to open, furnish and equip the new Wichita store being built for the company by others; $75,000 to open, furnish and equip the second store in St. Louis, similarly being built by others; $128,600 to purchase the assets of Embee, Inc., and Garrol, Inc., who now hold the basic lease on the premises used by the Kansas City operating company and who sublease the premises to that company: $208,000 for advance to the Honolulu subsidiary to enable it to purchase the assets of Honden, Ltd., Honla Ltd., and Dacat, Ltd., which now hold the basic leases on the store building; $105,000 for advance to Gem Stores, Inc., and Gem of St. Louis, Inc., to enable those corporations to repay loans; and the balance for general corporate purposes and as needed to expand existing facilities and to establish new locations. **Office**—418 Empire Building, Denver, Colo. **Underwriters** — Bosworth, Sullivan & Co., Inc., Denver, Colo.; and Scherck, Richter Co., St. Louis, Mo.

• General Aeromation, Inc.
March 3 (letter of notification) 84,450 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For construction of additional vehicles, a demonstration and automation test center and working capital. **Office** — 6011 Montgomery Road, Cincinnati, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio. **Note**—The SEC announced the suspension of the offering on May 9.

General Atronics Corp. (5/18-22)
March 18 filed 155,660 shares of common stock. **Price**—$3.50 per share. **Proceeds**—$60,000 for additional laboratory and production equipment, $80,000 for additional developmental engineering and sales promotion of materials handling equipment, $80,000 for investment in Atronic Learnings Systems, Inc., $93,000 for repayment of bank loans, and $157,859 for working capital. **Office** — Bala-Cynwyd, Pa. **Underwriter** — Harrison & Co., Philadelphia, Pa.

General Drive-In Corp. (6/13-17)
April 29 filed 180,000 shares of common stock (no par) of which 50,000 shares will be offered for public sale by the company and 130,000 are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—480 Boylston St., Boston, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

General Sales Corp. (6/20-24)
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York.

• General Shale Products Corp. (5/16)
March 29 filed 220,605 shares of outstanding common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Johnson City, Tenn. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

Glass Magic Boats, Inc. (5/23)
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Note**—The name has been changed from Glass Magic, Inc.

Glass Marine Industries, Inc.
April 25 filed 200,000 shares of class A stock and 100,000 shares of common stock. The class A stock is to be offered at $2.25 per share and the common at 75 cents per share; and the class A and common shares are to be offered in units consisting of two class A and one common. **Price**—$5.25 per unit. **Proceeds**—To develop the necessary production facilities to produce the company's boats. **Office**—Humboldt, Iowa. **Underwriters**—Leason & Co., Inc., Chicago, Ill.; William B. Robinson & Co., Corsicana, Texas; and Bala William & Co., Wichita Falls, Texas.

• Goelet Corp. (5/23-27)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Gorton's of Gloucester, Inc.
March 22 (letter of notification) 10,100 shares of common stock (no par). **Price**—At-the-market, estimated at $24½ per share. **Proceeds**—To go to selling stockholders. **Office**—327 Main St., Gloucester, Mass. **Underwriter**—Kidder, Peabody & Co., Inc., Boston, Mass.

Great American Realty Corp. (5/16-20)
April 8 filed $2,000,000 of 7% convertible debentures due July 1, 1975, together with 110,000 shares of outstanding class A stock. **Price**—For debentures, at 100% of principal amount. **Proceeds**—For additional working capital. **Office**—15 William St., New York. **Underwriter**—For debentures, Louis L. Rogers Co., 15 William St., New York City and Hilton Securities, Inc., 580 5th Ave., New York City.

Gross Furnace Manufacturing Co., Inc.
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

• Growth Capital, Inc. (5/23-27)
April 14 filed 500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—To provide investment capital and management services. **Office**—Bulkley Bldg., Cleveland, Ohio. **Underwriters**—McDonald & Co., Cleveland, Ohio and Paine, Webber, Jackson & Curtis, N. Y.

Gulf-Tex Development, Inc.
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York. **Offering**—Expected sometime in June.

★ Hamilton Cosco, Inc.
May 11 filed 300,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To members of the Hamilton family (company founders), selling stockholders. **Office** — Columbus, Ind. **Underwriters** — Smith Barney & Co. Inc., New York City, and City Securities Corp., Indianapolis, will co-manage the group.

Hampshire Gardens Associates (5/16)
April 1 filed $376,000 of Limited Partnership Interests, to be offered in units. **Price**—$500 per unit. **Proceeds**—For purchase of the fee title to a garden type apartment community (Hampshire Gardens) consisting of 14 buildings with a total of 134 apartments in Chillum, Md. **Office**—375 Park Avenue, New York. **Underwriter**—B. C. Morton & Company, Inc., New York.

Harburton Financial Corp. (5/19)
March 21 (letter of notification) 298,500 shares of class A common stock—non voting (par one cent). **Price**—$1

per share. **Proceeds**—For general corporate purposes. **Office**—56 Beaver Street, New York 4, N. Y. **Underwriter**—Simmons, Rubin & Co., Inc., New York, N. Y.

• Harnischfeger Corp. (6/15)
May 3 filed 60,000 shares of convertible preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be applied to the repayment of a portion of the company's short term bank borrowings. **Underwriter**—The First Boston Corp., New York.

• Harvey Aluminum (Inc.) (6/6-10)
April 21 filed 750,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—Torrance, Calif. **Underwriters**—Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day, both of New York City.

Hawley Products Co. (5/16)
Mar. 29 filed 90,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—333-39 North Sixth St., St. Charles, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

Henderson's Portion Pak, Inc. (5/31-6/3)
April 18 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4015 Laguna Street, Coral Gables, Fla. **Underwriter**—Burnham & Co., New York.

• Holt, Rinehart & Winston Inc. (5/13-16)
March 29 filed 331,740 outstanding shares of its common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriters** — Goldman, Sachs & Co., Allen & Co. and Shearson, Hammill & Co., all of New York.

Howe Plastics & Chemical Companies, Inc.
Dec. 14 (letter of notification) 60,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

Hudson Vitamin Products, Inc. (5/23-27)
April 15 filed 212,500 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—89 Seventh Ave., New York. **Underwriter** — Bear, Stearns & Co., New York.

Hydra-Power Corp. (5/16-20)
March 21 filed $600,000 of 6½% subordinated debentures, due 1970, with warrants to purchase 150 common shares for each $1,000 debenture. **Price**—100% of principal amount. **Proceeds**—$175,000 will be applied to the purchase of capital equipment, raw material and to finance work-in-process and finished products for Power-tronics Systems, Inc., a subsidiary engaged in research and development of a new line of products such as voltage regulators and regulated power companies; $225,000 to be used for similar purposes with respect to the operations of Electro-Powerpacs, Inc., a subsidiary engaged in the design and production of photographic and emergency lighting equipment; $100,000 for reduction of a portion of a $200,000 bank loan; and the balance for general corporate purposes. **Office**—10 Pine Court, New Rochelle, N. Y. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York.

I C Inc. (5/16-20)
June 29 filed 600,000 shares of common stock (par $1) **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver Colo.

Illinois Beef, L. & W. S., Inc. (6/6-10)
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa.

Insured Mortgages of America, Inc.
March 14 filed $1,000,000 of 5½% collateral trust bonds. **Price**—At 100% of principal amount. **Proceeds**—To repay temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. **Office**—575 Colman Bldg., Seattle, Wash. **Underwriter**—None.

★ Interstate Finance Corp.
May 11 filed 150,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For general funds and working capital. **Office**—Evansville 8, Ind. **Underwriter**—Goldman, Sachs & Co. (managing) New York City.

• Ionics, Inc. (5/16-20)
March 29 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Major portion of the net proceeds of sale of additional stock will be added to working capital to be applied toward financing an increasing volume of business and intensified sales efforts, and toward expanding and broadening research and development, including activities in the fuel cell field. The company expects to move to larger quarters near Waltham, Mass., and it estimates that requirements for new equipment and other costs, including moving expenses, will amount to at least $300,000. A portion of the proceeds of the stock sale may be applied to the cost of constructing the new building, but the company does not anticipate that in excess of $400,000 of the net proceeds of this offering will be used on a permanent basis for such purpose. **Office**—152 Sixth Street, Cambridge, Mass. **Underwriters**—Lee Higginson Corp., Shields & Co., and C. E. Unterberg, Towbin Co., all of New York.

Itemco, Inc.
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For repayment of outstanding debt, for instrumentation and automation of laboratory equipment, for expansion of existing manufacturing facilities and the acquisition or establishment of additional facilities, and the balance for working capital. **Office**—18 Beechwood Avenue, Port Washington, N. Y. **Underwriters**—Morris Cohon & Company and Schrijver & Co., both of New York. **Offering**—Expected sometime in June.

• Jersey Central Power & Light Co. (5/24)
March 24 filed $10,000,000 of first mortgage bonds due 1990. **Proceeds**—$5,800,000 will be applied to the payment of a like amount of outstanding notes and the balance to 1960 construction expenditures (or reimbursement of the company's treasury thereof). **Underwriter** — To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith (jointly). **Bids**—Expected to be received up to 11:00 a.m. (New York Time) on May 24 at the offices of General Public Utilities Corp., 67 Broad St., New York City. **Information Meeting**—Scheduled for May 20, between 10:00 a.m. and 12 noon.

Kenrich Petrochemicals, Inc. (5/16)
March 29 filed $175,000 of 7% convertible subordinated debentures due 1970, and 55,000 shares of class A common stock. **Price**—For debentures, 100% of principal amount; and $3.50 per class A share. **Proceeds**—$10,000 will be applied towards the repayment of demand notes, $115,000 for new plant facilities and equipment; and the balance for general corporate purposes. **Office**—120 Wall St., New York. **Underwriter**—First Philadelphia Corp., New York.

• Keystone Electronics Co., Inc. (5/13)
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share (par 25 cents). **Proceeds** — For additional equipment and inventory; for research and development; and the balance for working capital. **Office** — 65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

Laboratory for Electronics, Inc. (6/20-24)
April 20 filed a maximum of 100,000 shares of common stock, to be initially offered to its stockholders. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and expansion, and the balance if any, to reduce bank loans. **Office**—1079 Commonwealth Avenue, Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston and New York.

Lamour (Dorothy), Inc.
March 30 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—65 E. 55th Street, New York 22, N. Y. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

★ Lasco Industries
April 29 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay for a new building. **Office**—2939 S. Sunol Dr., Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

★ Lee Motor Products, Inc. (6/27-7/1)
May 6 filed 167,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds**—$150,000 will be used to repay existing obligations to banks incurred in March of 1960 to retire trade accounts and for other working capital purposes; approximately $50,000 will be used to finance expansion of warehouse facilities; and the balance of $207,000 will be added to the company's general funds and used as working capital. **Office** — 4701 Gladstone Ave., Cleveland, Ohio. **Underwriter**—Godfrey, Hamilton, Magnus & Co., Inc., New York.

Liberty Records, Inc.
April 1 filed 150,000 shares of common stock (par 50c). **Price**—Approximately $8.00 per share. **Proceeds**—To be added to the company's general corporate funds, substantially to meet increased demands on working capital. **Office**—6920 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Expected mid to late May.

Litecraft Industries, Ltd. (5/23-27)
March 29 filed $750,000 of 6¼% subordinated sinking fund debentures, due 1980, and an undetermined number of common shares, to be offered in units. **Price**—$500 per unit plus accrued interest from May 1, 1960. **Proceeds**—For general corporate purposes. **Office**—Passaic, N. J. **Underwriter**—P. W. Brooks & Co., New York.

• Lite-Vent Industries, Inc. (5/26)
March 25 filed 100,000 shares of common stock (par $1). **Price**—$5.20 per share. **Proceeds**—To be added to company's general funds, of which $200,000 will be used for repayment of indebtedness, $45,000 to acquire additional roll forming machinery and equipment, $74,000 to repay advances by two officers, and the balance for working capital and other corporate purposes. **Office**—14637 Meyers Road, Detroit, Mich. **Underwriters**—Peter Morgan & Co., and Philips, Rosen & Appel, both of New York City.

Magnasync Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

Magnin (Joseph) Co., Inc. (5/16-20)
March 25 filed $1,250,000 of 15-year convertible subordinated debentures due May 1, 1975, and 78,000 shares of common stock (par $1). The debentures and 35,000 common shares are to be offered for public sale by the issuing company and the remaining 43,000 common shares by the present stockholders thereof. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of the Blum's interest in Specialty Shops, Inc., and the balance for general corporate purposes. **Office**—Stockton and O'Farrell Sts., San Francisco, Calif. **Underwriter**—F. S. Smithers & Co., New York City and San Francisco.

Majestic Utilities Corp.
April 29 filed $300,000 of 6% convertible 10-year debentures, $250 face value, 30,000 shares of common stock, and options to purchase an additional 30,000 shares. It is proposed to offer these securities for public sale in units (1,200), each consisting of $250 face amount of debentures, 25 shares of common stock, and options to to purchase an additional 25 common shares. **Price**—$350 per unit. **Proceeds**—To be applied in part payment of a $250,310 bank loan and the balance to be added to working capital and used for general corporate purposes. **Office**—1111 Stout Street, Denver, Colo. **Underwriter**—Purvis & Company, Denver, Colo.

• Marquette Corp. (5/16-20)
March 28 filed 461,431 shares of common stock, of which 391,431 shares will be offered for public sale. The shares to be offered for public sale include 275,031 shares to be offered for the account of the company and 116,400 which are outstanding and will be offered for the account of holders thereof. The remaining 70,000 shares are to be reserved for issuance under a new stock option plan. **Price** — For public offering, to be supplied by amendment. **Proceeds**—$400,000 will be expended for the acquisition of land, construction of a new plant, and installation of machinery and equiment for the enlargement of the company's welding electrode manufacturing capacity; an additional $100,000 will be used to retire notes payable to officers; and the balance will be added to working capital and approximately $1,000,000 may be used to reduce temporarily present bank borrowings. **Office**—307 East Hennepin Avenue, Minneapolis, Minn. **Underwriters**—Carl M. Loeb, Rhoades & Co., New York; and Piper, Jaffray & Hopwood, Minneapolis, Minn.

• Maryland Credit Finance Corp. (5/23-27)
March 29 filed 28,250 common shares, of which 25,000 shares are being sold for the account of the issuing company, and 3,250 shares are being offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the reduction of short-term indebtedness. **Office**—Easton, Md. **Underwriter**—Alex Brown & Sons, Baltimore, Md.

Mattel, Inc. (5/31-6/3)
April 18 filed 300,000 shares of common stock, (par $1), of which 50,000 shares are to be offered for public sale for the account of the issuing company and 250,000 shares now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—5150 Rosecrans Avenue, Hawthorne, Calif. **Underwriter**—Bache & Co., New York.

• Mays (J. W.), Inc. (5/16-20)
March 29 filed 317,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — Brooklyn, N. Y. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

McCormick Selph Associates, Inc.
April 15 filed 130,000 shares of capital stock, of which 100,000 shares will be offered for public sale by the issuing company and 30,000 shares, being outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding indebtedness, to reduce accounts payable, and for additional working capital. **Office**—2308 San Felipe Rd., Hollister, Calif. **Underwriter**—Wilson, Johnson & Higgins, San Francisco, Calif.

McGowen Glass Fibers Corp. (5/31-6/3)
April 27 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 829 Newark Avenue, Elizabeth, N. J. **Underwriter**—Simmons, Rubin & Co., Inc., New York, N. Y.

Medallion Pictures Corp. (5/16-20)
March 29 (letter of notification) $300,000 of 6½% convertible subordinated debentures due March 30, 1968. **Price**—At 100%. **Proceeds**—For general corporate purposes. **Office**—200 W. 57th Street, New York 18, N. Y. **Underwriter**—Hancock Securities Corp., New York, N. Y.

• Metalcraft Inc. (5/16-20)
March 28 (letter of notification) 85,700 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office**—8608-130th Street, Richmond Hill 18, N. Y. **Underwriters**—First Broad Street Corp.; Bruno-Lenchner Inc., Pittsburgh, Pa.; Russell & Saxe; V. S. Wickett & Co., Inc. and Street & Co., New York, N. Y.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for gen-

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eral corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami. Fla.

Michigan Wisconsin Pipe Line Co. (6/1)
April 20 filed $30,000,000 of first mortgage pipe line bonds, series due 1980. **Proceeds**—For construction program. **Office**—500 Griswold Street, Detroit, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EDST) on June 1, Suite 1730, 165 Broadway, New York. **Information Meeting**—Scheduled for 11:30 a.m. (EDST), May 31, 5th floor, 20 Exchange Place, New York City.

● Midwestern Gas Transmission Co. (5/23-27)
April 22 filed $60,000,000 of first mortgage pipe line bonds, series due June 1, 1980, with attached warrants for the purchase of 240,000 shares of common stock (par $5). The bonds will be offered in denominations of $1,000 with attached warrants for the purchase of four shares of common stock at $15 per share on and after Jan. 1, 1964 through Dec. 31, 1973. **Price**—To be supplied by amendment. **Proceeds** — To finance construction of two natural gas pipe line systems. **Office**—Tennessee Building, Houston, Texas. **Underwriters** — Stone & Webster Securities Corp.; White, Weld & Co., and Halsey, Stuart & Co. Inc., all of New York.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) to be offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held. Offering expires on May 5, 1960. **Price**—$17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

Miller & Van Winkle Co. (5/23-27)
April 7 (letter of notification) 75,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—155 Sherman Ave., Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York, N. Y.

Milwaukee Gas Light Co. (5/17)
March 25 filed $22,000,000 of first mortgage bonds, series due 1985. **Proceeds**—Together with $4,000,008 to be received from the sale of additional common stock to American Natural Gas Co. (parent) and treasury funds, will be used to pay off $11,115,000 of bank borrowings for construction purposes and to provide additional funds for current construction expenditures or reimburse the company's treasury therefor. **Office** — 626 East Wisconsin Ave., Milwaukee, Wis. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly). **Bids**—Tentatively to be received on May 17 at 10:30 a.m. (EDST) at the offices of the American Natural Gas Co., Suite 1730, 165 Broadway, New York City. **Information Meeting**—Scheduled for May 16 at 11:00 a.m. (EDST) 18th floor, 70 Broadway, New York City.

Missile Electronics, Inc. (5/16-20)
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

● Mister Service, Inc. (5/13-16)
April 11 (letter of notification) 80,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—338 Lafayette Street, Newark, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

● Monarch Tile Manufacturing, Inc. (5/16)
March 22 filed 58,337 shares of common stock (par $5) of which 30,000 shares are to be offered for public sale in behalf of the issuing company, and the remaining 28,337 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For repayment of bank loans and for general corporate purposes. **Office**—Oakes Street at Avenue B, San Angelo, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

Monowall Homes, Inc.
April 22 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay an outstanding note, purchase of land, equipment and for working capital. **Office**—546 Equitable Building, Baltimore 2, Md. **Underwriter**—American Diversified Securities, Inc., Washington, D. C.

★ Montgomery Ward Credit Corp. (6/27-7/1)
May 5 filed $50,000,000 of debentures, 1980 series. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds and will be available for the purchase of deferred payment accounts from Montgomery Ward & Co., Inc. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter**—Lehman Brothers, New York.

★ Movielab Film Laboratories Inc.
May 4 filed 100,000 shares of class A common stock (par $1) including 62,500 shares to be offered for public sale by the company and 37,500 shares which are outstanding and will be offered by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—619 West 54th St., New York. **Underwriter**—Granbery, Marache & Co., New York.

★ Mustang Lubricant, Inc.
May 9 filed 80,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Denver, Colo. **Underwriter**—To be supplied by amendment.

Namm-Loeser's Inc. (5/31)
April 27 filed 217,278 shares of common stock (par $1). The company proposes to offer 108,000 shares of new common stock for subscription by holders of outstanding stock of record May 31, at the rate of one new share for each three shares held. Arebec Corp., of New York, which owns 109,278 common shares, has entered into an agreement to sell said shares to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—To be added to company's general funds and will enable it to use all or part of the proceeds in the reduction of bank indebtedness. **Office** — 2301 Woodward Ave., Detroit, Mich. **Underwriter**—Ladenburg, Thalmann & Co., New York.

● National Cash Register Co. (6/2)
April 29 filed $40,000,000 of sinking fund debentures, due June 1, 1985. **Price**—To be supplied by amendment. **Proceeds**—To repay current bank loans and for working capital. **Office**—Main and K Sts., Dayton, Ohio. **Underwriter**—Dillon, Read & Co., Inc., New York. **Listing**—Application will be made to list the debentures on the New York Stock Exchange.

National Old Line Life Insurance Co. (5/24)
April 12 filed 128,329 shares of class BB (non-voting) common stock, of which 43,329 shares are to be offered for the account of the issuing company and 80,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

● National Lawnservice Corp. (5/23-27)
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

● National Packaging Corp. (5/23-27)
March 30 filed 60,000 of common capital stock (par $1). **Price**—$6 per share. **Proceeds**—To retire $87,000 of indebtedness, to purchase $18,000 of additional machinery and equipment, to set up a small plant (at cost of $28,000) on the West Coast to service the fruit tray and vegetable tray business in that area, and for working capital. **Office** — 3002 Brooklyn Ave., Fort Wayne, Ind. **Underwriter**—First Securities Corp., 212 W. Jefferson St., Ft. Wayne, Ind.

★ National Research Associates, Inc.
May 2 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For repayment of short-term indebtedness, experimentation and research, cost of sales organization, preproduction costs and working capital. **Address**—P. O. Box 115, College Park, Md. **Underwriter**—None.

National Union Life Insurance Co.
March 29 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For expenses in the operation of an insurance company. **Address**—Montgomery, Ala. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

Newark Electronics Corp. (5/16-20)
March 17 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office**—223 West Madison St., Chicago, Ill. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

● New Jersey Natural Gas Co.
March 29 filed $3,830,000 of convertible debentures, 5¼% series due 1970, being offered to holders of its outstanding common stock at the rate of $4 principal amount of convertible debentures for each share held of record May 6, to expire on May 27 at 3:30 p.m. (EDST). The debentures will be sold at principal amount in denominations of $50, $100, $500, $1,000 and multiplies of $1,000, and will be convertible into stock beginning Jan. 1, 1961, at the rate of $22 of debentures for each share of common. **Proceeds**—To be applied to the partial payment of short-term bank loans outstanding in the amount of $5,000,000 and obtained in connection with the company's construction program. **Office**—601 Bangs Ave., Asbury Park, N. J. **Underwriter**—Allen & Co., New York.

North Central Co. (5/27)
March 11 filed 420,945 shares of common stock (par $1). The company proposes to offer 142,860 shares for cash sale at $7 per share. Additional shares (amount unspecified) are to be offered in exchange for outstanding shares of North Central Life Insurance Co., of St. Paul. The rate of exchange is to be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—335 Minnesota St., St. Paul, Minn. **Underwriter**—None.

North Washington Land Co.
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

Nuclear Engineering Co., Inc.
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds**—To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

Obear-Nester Glass Co. (5/23-27)
April 14 filed 210,045 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Broadway and 20th, East St. Louis, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● OK Rubber Welders, Inc. (5/23-6/3)
Mar. 29 filed 50,000 shares common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds of a $1,100,000 insurance company loan and $700,000 realized from the sale of installment notes to its wholly-owned susbidiary finance company, OK Acceptance Corp., will be used to reduce bank loans in the amount of $1,300,000; to repay other indebtedness in the amount of $228,600; and the balance of approximately $800,000 will be added to working capital. **Office**—551 Rio Grande Avenue, Littleton, Colo. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver, Colo.

● Otarion Listener Corp. (5/17)
March 28 filed 141,750 shares of common stock (par 10c). **Price**—$4 per share. **Proceeds**—Company will apply $150,000 to repay existing short-term obligations to banks; $60,000 in payment for the net assets and name of Taconic Factors, Inc. ,the stock of which is presently owned by Leland E. Rosemond, President and Board Chairman of Otarion; $100,000 for dealer and consumer advertising of the company's new model hearing aids; $40,000 for the establishment of production and sales facilities of a low-cost hearing aid in the European common market; $35,000 for research and development of subminiature products; and the balance of approximately $100,000 to be added initially to working capital and used for general corporate purposes, including financing of finished and semi-finished inventory. **Office**—Scarborough Park, Ossining, N. Y. Underwriter—D. A. Lomasney & Co., New York.

Ott Chemical Co. (5/23-26)
March 17 filed $450,000 of convertible subordinated debentures due May 1, 1970. The company proposes to offer the debentures for subscription by common stockholders of record May 1, 1960, at the rate of a $100 debenture for each 3.11 shares then held. **Price**—100% of principal amount. **Proceeds**—For retirement of a note, for additional and improvements to properties, for equipment and the balance for working capital and other purposes. **Office** — 500 Agard Road, Muskegon, Mich. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Illinois.

● Oxford Manufacturing Co., Inc. (6/13-20)
May 3 filed 240,000 shares of class A common stock (par $1), of which 160,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and the remaining 80,000 shares will be offered by the issuing company. **Price** — To be supplied by amendment. **Proceeds**—$150,000 will be used for the purchase of additional machinery and equipment to be installed in certain new manufacturing plant facilities, construction of which has been completed; the balance of the proceeds will be used for general corporate purposes. **Office**—151 Spring Street, N. W., Atlanta, Ga. **Underwriters**—W. C. Langley & Co., New York; and Courts & Co., Atlanta and New York.

● Pacemaker Boat Trailer Co., Inc. (5/16-20)
Feb. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of equipment, raw materials and working caiptal. **Office**—622 E. Glenolden Ave., Glenolden, Pa. **Underwriters**—Jacey Securities Co., and First City Securities, Inc., New York, N. Y.

Pacific Coast Properties, Inc. (5/31-6/3)
April 19 filed 2,610,301 shares of common stock (par $1), of which 917,835 shares will be offered at $10 per share to the holders of Food Giant Markets, Inc. common, preferred, and employee stock options. **Price**—For remainder of offering to be supplied by amendment. **Proceeds**—$906,000 toward cost of property acquisition and the remainder for general corporate purposes. **Office**—Beverly Hills, Calif. **Underwriter**—Bear, Stearns & Co.

Pacific Panel Co. (5/23-27)
Feb. 8 filed 100,000 shares of class A common stock, subsequently increased to 150,000 shares (par 50 cents). **Price**—$3. **Proceeds**—For reduction of indebtedness, for working capital; for establishment of three additional outlets and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th Street, Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc.

Pacific Vegetable Oil Corp. (5/23-27)
March 24 filed $2,500,000 of convertible subordinated debentures due April 1975. **Price**—To be supplied by amendment. **Proceeds**—$600,000 will be used to retire a like amount of 6¼% promissory notes; $431,250 to pay the balance of the negotiated price for the minority interest of Utah Construction & Mining Co. in Stockton Elevators, a subsidiary; and the balance for working capital. **Office**—62 Townsend St., San Francisco, Calif. **Underwriters**—Dean Witter & Co., San Francisco and New York, and Hooker & Fay, Inc., of San Francisco, Calif.

Patrick County Canning Co., Inc. (5/31-6/3)
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York.

Pearson Corp.
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other

manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York. **Offering**—Expected in June.

Pendleton Tool Industries, Inc. (5/16-20)
March 25 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a 5% note given to the V-T Co. in partial payment of its business and certain of its assets, and the remainder of the net proceeds will be added to working capital. **Office**—2209 Santa Fe Ave., Los Angeles, Calif. **Underwriters**—Kidder, Peabody & Co., New York; and McDonald & Co., Cleveland, Ohio.

● Peoples Telephone Corp. (5/16)
March 29 filed 15,250 shares of common stock (par $50) to be offered to stockholders of record on May 13, 1960, at the rate of one additional share for each two shares then held with rights to expire at 3:30 p.m. (EDT) on June 15. **Price**—$75 per share. **Proceeds**—$1,100,000 will be used to repay in part short-term bank loans of $1,600,000 incurred during 1959 to provide funds for the company's continuing program of modernization, improvement and expansion; the balance of the proceeds will be added to its general funds. **Office**—218 South Washington Street, Butler, Pa. **Underwriter**—None.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None.

Pioneer Metals, Inc. (5/31-6/3)
April 20 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loans, inventory purchases, expansion and for working capital. **Office**—1900 N. E. Miami Court, Miami, Fla. **Underwriter**—Hancock Securities Corp., New York, N. Y.

Piper Aircraft Corp. (5/23-27)
April 15 filed 100,000 shares of common stock, (par $1). **Price**—To be related to the current market for outstanding shares at the time of offering. **Proceeds**—To repay a $1,000,000 short-term bank loan. **Office**—820 East Bald Eagle St., Lock Haven, Pa. **Underwriter**—The First Boston Corp., New York.

● Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y. **Note**—This issue is to be withdrawn, and a new filing will be made by Murphy & Co., Inc.

Precision Circuits, Inc. (5/23)
March 7 filed $250,000 of convertible subordinated debentures, due April 1, 1970, and 37,500 shares of common stock (par 20 cents) to be offered in units consisting of one $100 debenture and 15 common shares. **Price**—$150 per unit. **Proceeds**—For equipping of new facilities, and for general corporate purposes. **Office**—705 South Fulton Avenue, Mount Vernon, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● Provident Fund for Income, Inc.
Dec. 23 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—3 Penn Center Plaza, Philadelphia, Pa. **Underwriter**—Provident Management Corp., same address. **Offering**—Expected in late June.

Pyramid Electric Co.
April 1 filed 89,675 shares of common stock to be issued to holders of the company's outstanding stock purchase warrants at the rate of one share for each warrant at a price of $3.25 per share. The warrants were issued in and after May, 1954, in connection with a previous public offering and included 46,000 to the underwriter, S. D. Fuller & Co., and 46,000 to the company's officers and employees. At present there are 89,675 warrants outstanding. The warrants are exercisable until June 25, 1960. **Office**—52 Broadway, New York. **Offering**—Expected in late May.

● Pyramid Mouldings, Inc.
March 30 filed 158,000 shares of common stock (par $1) of which 3,588 shares are to be offered for public sale by the issuing company and the balance, being outstanding stock, by present holders thereof. **Price**—$11 per share. **Proceeds**—to be added to the company's working capital and used for general corporate purposes. **Office**—5353 West Armstrong Ave., Chicago, Ill. **Underwriters**—A. C. Allyn & Co., Inc., and Shillinglaw, Bolger & Co., both of Chicago, Ill. **Note** — This statement has been withdrawn.

Rajac Self-Service, Inc. (5/16)
March 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—11 E. Second Street, Mt. Vernon, N. Y. **Underwriter**—Walter R. Blaha & Co., Inc., Long Island City, N. Y.

● Raymond Corp.
March 22 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $20 per share. **Proceeds** — For general corporate purposes. **Office** — Village of Greene, County of Chenango, of New York. **Underwriter**—George D. B. Bonbright & Co., Rochester, New York. **Offering**—Imminent.

● Reeves Broadcasting & Development Corp. (6/13-17)
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

● Reliance Manufacturing Co. (5/23)
March 28 filed 150,000 shares of common stock (par $5), of which 40,000 shares are to be offered for public sale for account of company. The remaining 110,000 shares are now outstanding and are to be offered for sale by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For repayment of short-term bank debt. **Office**—350 Fifth Ave., N. Y. **Underwriter**—Glore, Forgan & Co., New York.

● Renner, Inc. (5/13-16)
March 11 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 1530 Lombard St., Philadelphia, Pa. **Underwriter** — Stroud & Co., Inc., Philadelphia, Pa.

Republic Ambassador Associates
April 29 filed $10,000,000 of Limited Partnership Interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To purchase hotels in Chicago from a Webb & Knapp subsidiary. **Office**—111 West Monroe Street, Chicago, Ill. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Expected in late June.

Republic Graphics Inc. (5/31-6/3)
April 29 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 134 Spring Street, New York, N. Y. **Underwriters**—Theodore Arrin & Co., Inc., 82 Beaver Street, New York, N. Y.; T. M. Kirsch & Co., and Robert A. Martin Associates, Inc., New York, N. Y.

Safticraft Corp., Patterson, La. (5/31-6/3)
April 29 filed 275,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—The company proposes to use $50,000 to expand its efforts in the sale of Safticraft boats nationally; $250,000 for reduction of short-term borrowings; and the remaining $293,500 to be advanced to du Pont, Inc. as additional working capital necessary in the financing of increased inventories and receivables incident to the increased sales volume of Dupont. **Underwriter** — George, O'Neill & Co., Inc., New York.

★ Satellite Food Service, Inc.
May 6 (letter of notification) 130,000 shares of cumulative participating preferred stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150 Broadway, New York, N. Y. **Underwriter**—None.

★ Saucon Development Corp. (6/27-7/1)
April 28 (letter of notification) an undetermined number of shares of common stock (par $1) not to exceed $300,000. **Price**—To be supplied by amendment. **Proceeds**—For mining expenses. **Office** — c/o Wallace F. McQuade, Pres., 246 Beaconsfield Blvd., Beaconsfield, Quebec, Canada. **Underwriter**—P. Michael & Co., 69 Passaic St., Garfield, N. J.

★ Savannah Electric & Power Co.
May 11 filed $5,000,000 of first mortgage bonds, due 1990, and $3,000,000 of debentures, due June 1, 1985. **Proceeds**—For payment of outstanding notes and for construction expenses. **Office**—Savannah, Ga. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.

Savannah Newspapers, Inc. (6/8)
April 20 filed 480,000 shares of common stock (par $1). **Price**—$5.25 per share in lots of 20,000 or more; otherwise $5.55 per share. **Office**—Savannah, Ga. **Underwriter**—Johnson, Lane, Space Corp., Savannah, Ga.

● Schaevitz Engineering (5/16-20)
March 29 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Address**—U. S. Route 130 and Schaevitz Boulevard Pennsauken Township, N. J. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

★ Sea-Highways, Inc.
May 9 filed 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—Pan-American Bank Bldg., Miami, Fla. **Underwriter**—John R. Maher Associates, of New York.

Security Industrial Loan Association (5/23-27)
April 13 filed $500,000 of 7% convertible subordinated debentures due May 1, 1975, and 50,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—To be available for loans to customers. **Office**—Central National Bank Building, Richmond, Va. **Underwriter**—Lee Higginson Corp., New York.

● Service Instrument Corp. (5/23-7)
March 23 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Office** — 693 Broadway, New York, N. Y. **Underwriter** — Pearson, Murphy & Co., Inc., New York, N. Y.

● Servonics, Inc. (5/16-20)
Feb. 25 filed 76,600 shares of common stock (par $1) to be issued to stockholders. The company will issue transferable subscription warrants evidencing (a) rights to subscribe for one new share of common stock for each five shares held on the record date, and (b) the privilege of subscribing for such of the shares offered as are not subscribed for upon the exercise of rights, if any, subject to allotment. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** 822 North Henry St., Alexandria, Va. **Dealer-Manager**—Kidder, Peabody & Co., New York.

Shellmak Corp.
May 2 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For general corporate purposes. **Office** — 14702 Hawthorne Boulevard, Lawndale, Calif. **Underwriter** — Binder & Co. Inc., Los Angeles, Calif.

Sierra Electric Corp. (5/23-27)
March 29 filed 100,000 shares of common stock, of which 80,000 shares are to be sold for the account of the issuing company and 20,000 shares are to be sold for the account of the present holder thereof. **Price**—$9 per share (par $1). **Proceeds**—To reduce bank loans and for working capital. **Office**—Gardena, Calif. **Underwriter**—Marron, Sloss & Co., Inc., New York City.

● Simmonds Precision Products, Inc. (6/6-10)
March 30 filed 112,500 shares of common stock (par $1) constituting its first public offering, of which 100,000 shares are to be offered for public sale by the issuing company and 12,500 shares being outstanding stock, by Geoffrey R. Simmonds, president. **Price** — To be supplied by amendment. **Proceeds** — To be added to company's working capital, thereby reducing the amount of funds required to be borrowed under its revolving credit agreement and putting the company in a more favorable position to secure, through borrowings, such additional funds as may be required from time to time. **Office**—105 White Plains Rd., Tarrytown, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Sire Plan of Normandy Isle, Inc. (5/16)
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

Skyline Homes, Inc.
April 15 filed 115,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital and used for general corporate purposes. **Office**—2520 By-Pass Road., Elkhart, Ind. **Underwriter**—Rodman & Renshaw, Chicago, Ill. **Offering**—Expected in mid-June.

Smilen Food Stores, Inc. (5/16-20)
March 25 filed in association with Heritage Industrial Corp. 200,000 shares of Smilen common (par $1) and 200,000 shares of Heritage (par $1). It is proposed to offer these securities for public sale in units, each unit consisting of one share of Smilen and one share of Heritage stock. **Price**—To be supplied by amendment. **Proceeds**—Smilen will use $95,000 of its share of the proceeds for remaining payments under a contract for purchase of two supermarkets and commissary from Windmill Food Stores, Inc.; $300,000 for inventory and supplies for the opening of three new supermarkets; $300,000 to repay bank loans; and the balance for general corporate purposes. Heritage will use its share of the stock as follows: $175,000 for construction and equipping of a supermarket in Franklin Square, L. I., to be leased to Smilen; $500,000 to purchase fixtures and equipment to be leased to Smilen for use in the three supermarkets to be constructed for Smilen by others; $25,000 to pay an indebtedness due Smilen; and the balance for general corporate purposes. **Office** — 47-02 Metropolitan Ave., Brooklyn, N. Y. **Underwriter**—Federman, Stonehill & Co., New York City.

Southeastern Security Insurance Co.
March 25 filed 2,133,333 shares of common stock (par $1), of which 1,633,333 shares are to be publicly offered; $500,000 of these shares are reserved for the granting of restricted stock options to management officials and employees. **Price** — $3 per share for public offering. **Proceeds**—To increase capital and surplus. **Office**—707 Market St., Knoxville, Tenn. **Underwriter**—Lucien L. Bailey & Co., Knoxville, Tenn.

● Southern Electric Generating Co. (6/2)
April 25 filed $40,000,000 of first mortgage bonds, series of 1960 due June 1, 1992. **Proceeds**—For capital expenditures. **Office**—600 North 18th Street, Birmingham, Ala. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting**—Scheduled for May 31, 1960, at the First National City Bank of New York, 5th floor, 20 Exchange Place, New York City at 3:00 p.m. (EDST). **Bids**—Expected to be received on June 2, or subsequently on such day and time as shall be designated by the company by telegraphic notice to prospective bidders.

● Southwest Forest Industries, Inc. (5/23-27)
Jan. 29 filed $12,000,000 of 6¼% subordinated income debentures, due Jan. 1, 1985 and 360,000 shares of common stock (par $1), to be offered in units of $100 of debentures and 3 shares of common. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construction of new plant. **Office**—444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City.

Southwest Indemnity & Life Insurance Co. (6/1)
Mar. 29 filed 238,590 shares of common stock (no par). The company proposes to offer this stock for subscription by common stockholders of record May 1, 1960, at the rate of one new share for each 2½ shares then held. Unsubscribed shares will be offered to certain persons, some of whom are directors and stockholders of the company, together with stock purchase warrants for

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23,859 shares, for purchase for investment. **Price**—To be supplied by amendment. **Proceeds**—To be used for the company's general insurance business, thus enabling the company to acquire additional reinsurance agreements with other insurance companies, service such agreements and meet legal reserve requirements with respect to additional insurance in force thus acquired. **Office**—2013 Cedar Springs, Dallas, Tex. **Underwriter**—None.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas.

• (A. G.) Spalding & Bros. Inc. (6/7)
May 2 filed 85,484 shares of common stock, to be offered for subscription on the basis of one new share for each 10 shares held of record June 7, 1960. **Price**—$20 per share. The Pyramid Rubber Co., the largest individual stockholder, owning 178,978 shares, has agreed to purchase at the offering price within five days after the expiration of the subscription offer (June 24, 1960), all of the stock not sold to the company's stockholders. Pyramid Rubber may within 30 days thereafter resell for investment at the offering price some of the stock it shall acquire to other persons (not exceeding 15) who may be stockholders, officers or directors of the company. **Office**—Chicopee, Mass. **Underwriter**—None.

• Spartans Industries, Inc. (5/23-7)
March 31 filed 120,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1 West 34th St., New York. **Underwriters**—Shearson, Hammill & Co., and J. C. Bradford & Co., both of New York.

★ Speed-Way Food Stores Inc.
April 27 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—847 E. New York Avenue, Brooklyn, N. Y. **Underwriter** — J. J. Krieger & Co., Inc., New York, N. Y.

• Spring Street Capital Co. (5/16-20)
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

• Squan Marina, Inc. (5/16-20)
March 18 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Route 70 & Upper Manasquan River Bridge, Brielle, N. J. **Underwriter**—Fennekohl & Co., New York, N. Y.

★ Stelma, Inc.
May 10 filed 175,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Stamford, Conn. **Underwriter**—Amos Treat & Co. Inc., — New York City.

• Straza Industries (5/17-18)
March 14 filed 230,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and working capital. **Office**—790 Greenfield Drive, El Cajon, Calif. **Underwriter**—J. A. Hogle & Co., of Salt Lake City and New York.

★ Sugarloaf Mountain Corp.
April 28 (letter of notification) 10,849 shares of common stock to be offered for subscription by stockholders. **Price**—At par ($10 per share). **Proceeds**—For working capital. **Address**—Kingfield, Maine. **Underwriter**—None.

★ Super Food Services, Inc.
May 10 filed 60,000 preferred shares-convertible series ($1.50 annual cumulative dividend), $1 par. The company proposes to sell 50,000 shares through a group of underwriters headed by Wm. H. Tegtmeyer & Co., Chicago, Ill. on a firm commitment basis; and by a preoffering subscription Central Securities Corp. has conditionally agreed to purchase 10,000 such shares. **Price**—$25 per share for public offering. **Proceeds**—To provide the funds to exercise an option to purchase 72,600 of the 113,003 issued and outstanding shares of common of Progressive Wholesale Grocery Co., at a maximum aggregate price of $1,333,333. **Office**—Chicago, Ill.

• Superior Electric Co. (5/16-20)
March 17 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Bristol, Conn. **Underwriter**—Lee Higginson Corp., New York City.

Swimming Pool Development Co., Inc. (5/31-6/3)
April 15 filed 250,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — Principally for additional working capital. **Office**—Florence, Ala. **Underwriter**—Marron, Sloss & Co., Inc., New York.

★ Systems Inc.
April 28 (letter of notification) 40,000 shares of common stock (par $2). **Price** — $5 per share. **Proceeds** — For working capital. **Office**—2326 Diversified Way, P. O. Box 7726, Orlanda, Fla. **Underwriter**—Securities Associates, Inc., Winter Park, Fla.

Telecomputing Corp. (5/17)
April 11 filed 100,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — 915 North Citrus Ave., Los Angeles, Calif. **Underwriter** — Dean Witter & Co., New York City and Los Angeles.

• Telectro Industries Corp. (5/16-20)
March 21 filed $1,000,000 of 6½% convertible subordinate debentures due 1970. **Price** — 100% of principal amount. **Proceeds**—To be used to eliminate an outstanding bank loan of $700,000 and to provide additional working capital, to be used in part to reduce outstanding accounts payable. **Office**—35-16 37th Street, Long Island City, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., N. Y. C.

• Teleregister Corp. (5/23-27)
March 30 filed $6,000,000 of 6% subordinated sinking fund debentures, due May 1980 (with attached warrants) and 240,000 shares of common stock (no par). These securities are to be offered for sale in units, each consisting of a $1,000 debenture (with 5-year warrants to purchase 20 common shares initially at $15 per share) and 40 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For repayment of current credit agreement with bank and the balance will be applied to the company's construction program. **Office**—445 Fairfield Ave., Stamford, Conn. **Underwriters** — Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros., all of New York.

★ Texas Capital Corp.
May 4 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be used to provide investment capital and management services to small business concerns. **Office**—705 Lamar Blvd., Austin, Texas. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Texas Eastern Transmission Corp. (5/25)
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., Nw York City.

Thermal Industries of Florida, Inc. (5/16-20)
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. **Price**—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65,000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. **Office**—Fairfield, N. C. **Underwriter**—Participating dealers will receive 15 cents per share.

Thurow Electronics, Inc.
March 28 filed 200,000 shares of class A common stock, (par $2.50) of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price**—$3 per share. **Proceeds**—To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla. **Offering**—Expected in the latter part of May.

Tourist Industry Development Corp.
March 22 filed $2,250,000 of 7% subordinated debenture stock, due July 1, 1978, to be offered in denominations of $500 and $1,000 and multiples of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including hotel and restaurant loans secured by real estate mortgages. **Office**—Jerusalem, Israel. **Underwriter**—None.

Trans Tech Systems, Inc. (5/23-27)
March 29 filed 65,000 shares of common stock (par one cent). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office** — 5505 Wilshire Blvd., Los Angeles 48, Calif. **Underwriter**—Myron A. Lomasney & Co., New York.

Tri-Point Plastics, Inc.
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriter**—Martinelli, Hindley & Co., Inc., New York, N. Y.

United American Life Insurance Co.
March 11 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock in the ratio of one new share for each five shares held **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—1717 California St., Denver, Colo. **Underwriter**—None.

United Components, Inc.
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

• United Financial Corp. of California (5/25)
March 30 filed $6,000,000 of convertible subordinated debentures due April 1, 1975, and 120,000 shares of capital stock, to be offered in units of $100 of debentures and two capital shares. **Price**—To be supplied by amendment. **Proceeds**—Approximately $1,000,000 will be used for general corporate purposes, and the balance will be distributed to holders of the capital stock prior to the issuance and sale of the units. **Office**—425 South La Brea Avenue, Inglewood, Calif. **Underwriter**—Lehman Brothers, New York City.

• United Industrial Corp.
March 21 filed 88,017 shares of series A convertible preferred stock, 614,130 shares of common stock, and 16,500 common stock purchase warrants. According to the prospectus, 88,017 shares of preferred and 88,017 shares of common stock may be offered for sale by the present holders thereof, namely 34,978 preferred and common shares by Bernard Fein, a Director, and 53,039 preferred and common shares by B. S. F. Co., 13% of whose stock is owned by Maurice Goodman, a Director. 16,500 warrants and 16,500 common shares are issuable to H. L. Federman and Herman Yaras in payment of a finder's fee incurred in connection with the merger. Stock purchase warrants were distributed prior to the merger on the basis of one warrant for each share of the company's common stock to stockholders of record Oct. 28, 1959; each warrant now evidences the right to purchase ½ share of common at $17 per share, and 509,613 shares are reserved for issuance upon exercise of these warrants. Additional common shares are issuable upon conversion of debentures and preferred stock and under a stock option plan. **Office**—5221 West 102nd Street, Los Angeles, Calif. **Note**—There is no public offering involved.

• United States Boat Corp. (6/20-27)
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

Universal Marion Corp.
March 29 filed 31,361 shares of 4½% cumulative preferred stock ($100 par). **Price**—To be offered for sale in the over-the-counter market, or otherwise by public or private sale at $95 per share, or such lesser price or prices which may be obtained. **Proceeds**—To selling stockholders. **Office**—602 Florida Theater Bldg., Jacksonville, Fla. **Underwriter**—None.

Universal Marion Corp.
April 15 filed 435,120 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each four shares or fraction thereof. The record date is to be supplied by amendment. Common stock has no par value. **Price** — To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for use in developing the company's tract of land near Tampa, Fla., for working capital and for possible acquisition of other properties. **Office** — 602 Florida Theatre Bldg., Jacksonville, Fla. **Underwriter**—None.

• Uranium Reduction Co. (5/16)
March 31 filed 200,000 outstanding shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 557 First Security Bldg., Salt Lake City, Utah. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

• Uris Buildings Corp. (5/16-20)
March 29 filed $20,000,000 of 6½% sinking fund debentures due May 1, 1975 (with attached warrants to purchase 800,000 common shares) and 400,000 shares of common stock (par 10 cents). The offering will be made only in units, each unit consisting of (a) $100 principal amount of debentures with an attached warrant to purchase four shares of common stock (b) two shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay loans, defray construction costs, and general corporate purposes. **Underwriter**—Kuhn, Loeb & Co., New York.

• Vector Manufacturing Co., Inc. (5/23-27)
April 14 filed 250,000 shares of common stock (no par). Of this stock, 100,000 shares are to be offered for public sale by the issuing company and 150,000 shares, now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For expansion. **Office** — Southampton, Pa. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

• Viewlex, Inc. (5/20)
April 12 filed 200,000 shares of class A common stock (par 25 cents). The offering will include 175,000 shares to be issued by the company and 25,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$4 per share. **Proceeds**—$100,000 will be used to purchase additional high speed automatic production equipment; $150,000 for research and development of new products; $75,000 to be reserved to cover the costs of moving present facilities into new and enlarged quarters; and the balance for working capital. **Office** — 35-01 Queens Blvd., Long Island City, N. Y. **Underwriter**—Stanley Heller & Co., New York.

Wallace Properties, Inc. (5/31-6/3)
April 5 filed $12,000,000 principal amount of 6% convertible subordinated debentures, due June 1, 1975 and 360,000 shares of common stock (par $2), to be offered only in units, each consisting of $100 principal amount of debentures and three shares of common stock. **Price**—To be supplied by amendment. **Office**—Dallas, Texas. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Waltham Precision Instrument Co., Inc. (5/31-6/3)
April 15 filed 700,000 shares of common stock (par $1). It is proposed that this offering will be on a subscription basis to the company's present common stockholders. **Price**—To be supplied by amendment. **Proceds**—$600,000 to pay the balance of the purchase price for Boesch Manufacturing Co., Inc. stock; $350,000 to pay the 5% chattel mortgage note held by the Secretary of the U. S. Treasury as assignee of the Reconstruction Finance Corp.; $200,000 to pay the 6% secured notes issued as part payment for the stock of Electro-Mec Laboratory, Inc.; and the balance for working capital and other corporate purposes. **Office**—221 Crescent St., Waltham, Mass. **Underwriter**—Schweickart & Co., New York.

Waltham Watch Co.
March 30 filed $1,500,000 of 7% sinking fund subordinated debentures series A due April 30, 1975, with five-year common stock purchase warrants attached, and 275,000 shares of common stock (par 50 cents). A $1,000 debenture with warrants for the purchase of 50 common shares at an initial exercise price of $3.50 per share, will be offered for sale at $1,000; a total of 75,000 shares being reserved for issuance upon exercise of the warrants. The additional 200,000 shares of common stock will be offered for subscription at $3.50 per share. The offer is being made first to stockholders of record on May 2, 1960, for a period of 30 days. Thereafter the unsubscribed debentures and stock will be offered to the public. **Proceeds**—For working capital. **Office** — 231 South Jefferson St., Chicago, Ill. **Underwriter**—None.

Warren Industries, Inc. (6/13-20)
April 29 filed 275,000 shares of common stock (par $1), of which 175,000 shares are to be issued and sold by the company and 100,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$3 per share. **Proceeds**—$50,000 to purchase new equipment; $25,000 for research and development; $25,000 for advertising and promotion; $200,000 to acquire and open new facilities; $23,649 for payment of notes to stockholders, and $78,100 for working capital. **Office**—3701 N. W. 51st St., Miami, Fla. **Underwriter**—Merritt, Vickers, Inc., of New York City.

Wells Industries Corp. (5/16-20)
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City.

★ **West Bend Aluminum Co.**
April 26 (letter of notification) 5,950 shares of class B, non voting common stock (par $2.50). **Price**—$8.40 per share. **Proceeds**—For working capital. **Office**—400 Division St., West Bend, Wis. **Underwriter**—None.

★ **Westmore, Inc. (6/13-20)**
May 9 (letter of notification) 150,000 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—137 South Ave., Fanwood, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

● **Whitmoyer Laboratories, Inc. (6/13-17)**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 11 Broadway, New York City.

Win-Chek Industries, Inc.
April 26 filed 150,000 shares of class A stock to be publicly offered, 15,000 shares to be issued pursuant to a restricted stock option plan, and 21,500 shares being registered but not offered at this time. **Price**—$3 per share (par 25 cents). **Proceeds**—To purchase additional inventory and equipment and the balance to improve the company's working capital position. **Office** — Moonachie, N. J. **Underwriter**—Michael G. Kletz & Co. (managing).

Wisconsin Electric Power Co.
March 22 filed 561,005 shares of common stock (par $10) to be offered to holders of record April 27 of outstanding common stock on the basis of one share for each 10 shares held with rights to expire on May 17. **Price**—$32.25 per share. **Proceeds** — To be used to repay $12,000,000 of short-term bank loans incurred in connection with the company's construction program, and for further construction expenditures. **Office**—231 West Michigan Street, Milwaukee, Wis. **Underwriter**—None.

★ **Witco Chemical Co.**
May 4 filed $8,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Office**—New York, N. Y. **Underwriters**—Smith, Barney & Co. Inc. and Goldman, Sachs & Co., both of New York. **Offering**—Expected in early June.

● **WonderBowl, Inc.**
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office** —7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

Yale Express System, Inc.
March 25 filed 300,000 shares of class A stock (par 25 cents) of which 150,000 shares are to be offered for public sale by the issuing company and the balance by the company's board chairman. **Price** — $5.50 per share. **Proceeds**—$400,000 to restore working capital expended to acquire American Freight Forwarding Corp. and for expansion of the freight forwarder operation; $150,000 to restore funds advanced in connection with the terminal recently constructed in North Bergen, N. J. and the balance for expansion and improvement. **Office**—460 12th Avenue, New York. **Underwriter**—Michael G. Kletz & Co., Inc., New York. **Offering**—Expected in late May.

★ **Yale Rubber Manufacturing Co.**
May 2 (letter of notification) 133,335 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Address**—Sandusky, Mich. **Underwriter**—None.

★ **Yuscaran Mining Co.**
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None.

● **Zero Manufacturing Co. (5/23-27)**
March 28 filed 200,000 shares of common stock, of which 125,000 shares are being issued and sold by the company and 75,000 shares are being sold by certain stockholders. **Proceeds**—$250,000 will be used for the construction of a new 33,600 square foot industrial building in Burbank, Calif., $250,000 for the purchase and installation of new machinery and equipment; $150,000 for further research and development in the modular container field; and the balance will be added to working capital. **Office**—1121 Chestnut St., Burbank, Calif. **Underwriter**—Shields & Co., New York.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

Baltimore Gas & Electric Co.
March 3 it was announced by J. Theodore Wolfe, President, that the company plans record construction expenditures of $50,000,000 during 1960, probably financed through the sale of first mortgage bonds. **Offering**—Expected during the first half of 1960.

★ **Byer-Rolnick Hat Corp.**
May 9 filed 100,000 outstanding shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—601 Marion Drive, Garland, Tex. **Underwriters** — Dallas Rupe & Son, Inc., Dallas, Tex. and Straus, Blosser & McDowell, Chicago, Ill.

● **Central Illinois Electric & Gas Co. (7/12)**
Feb. 3 it was reported that about $10,000,000 of first 30-year mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected to be received on July 12.

● **City Gas Co.**
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in June. **Underwriter**—Kidder, Peabody & Co., New York City.

★ **Coca-Cola Co.**
May 9 filed $1,050,000 of participations in the company's employee Thrift Plan, together with 19,311 common shares which may be acquired pursuant thereto. **Office**—515 Madison Ave., New York.

Columbia Gas System, Inc.
March 11 it was announced that further debt financing is planned for later in the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co.; Lehman Brothers., Eastman Dillon, Union Securities & Co., and Goldman, Sachs & Co. (jointly).

★ **Consolidated Edison Co. (6/14)**
May 6 filed $50,000,000 of first and refunding mortgage bonds, series R, due June 1, 1990. **Proceeds**—To become part of the treasury funds of the company and will be applied toward retirement of some $55,000,000 of short-term bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on June 14.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produces spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

● **Consumers Power Co. (7/26)**
April 29 the company asked the Michigan Public Service Commission for permission to issue and sell securities with base value of $73,101,600. The company proposes to issue and sell first mortgage bonds in the amount of $35,000,000 maturing not earlier than 1990 for the best price obtainable but not less favorable to the company than a 5¼% basis. The mortgage bonds are expected in the last quarter of the year. It also proposes to issue and sell convertible debentures in amount of $38,101,600 maturing not earlier than 1975 at a price not less favorable to the company than a 5¼% basis. These debentures are to be offered to the company's common share owners of record July 26 for subscription on the basis of $100 principal amount of debentures for each 25 shares of common stock held with rights to expire on Aug. 12. **Proceeds** — To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Underwriter** — To be determined by competitive bidding. Probable bidders: For bonds — Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc. For debentures—Morgan Stanley & Co.

● **Deckert Dynamics, Inc.**
March 16 it was announced that 100,000 shares of common stock are expected to be filed in early June. **Proceeds** — For general corporate purposes. **Office** — Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

Equitable Gas Co.
March 16 stockholders approved a proposal to increase the company's number of authorized preferred shares to 300,000 from 100,000 and to issue a new non-convertible preferred series. **Proceeds**—To be used to repay approximately $5,000,000 in short-term bank loans and to help finance 1960 construction. **Office** — Boulevard of the Allies, Pittsburgh, Pa.

Florida Power Corp.
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility, possibly in the fourth quarter of this year. **Proceeds** — For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly).

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

● **Gulf States Utilities Co. (6/20)**
April 19 it was reported that the company will issue and sell $17,000,000 of 1st mtge. bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers. **Bids**—Expected to be received on June 20 at 12 noon. **Information Meeting**—Scheduled for June 15 at 10:30 a.m.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990. **Proceeds**—For capital expenditures, etc. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth &

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Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Illinois Bell Telephone Co.
March 24 directors authorized plans for a $61,000,000 issue of new common shares. The stockholders will have subscription rights on the basis of one new share for each 10 held at the time of issue. **Proceeds**—To help finance the company's construction program. **Offering**—Expected in June.

● Illinois Bell Telephone Co. (7/6)
April 29 it was reported that the company plans the issuance and sale of about $50,000,000 of first mortgage bonds, maturity of which has not been set. **Proceeds**—For construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on July 6 up to 11 a.m. (EDST)

● Indianapolis Power & Light Co. (9/27)
April 18 it was reported that the company will issue and sell $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. New York Time on Sept. 27. **Information Meeting**—Scheduled for Sept. 22 at 11:00 a.m.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

★ K.V.P. Sutherland Paper Co.
May 11 it was reported that a secondary offering of common stock is presently being discussed. **Proceeds**—To selling stockholders. **Underwriter** — Lehman Brothers, New York.

★ Laclede Gas Co. (7/14)
May 11 it was reported that a rights offering of $5,000,000 of common stock is contemplated, on the basis of one new share for each 14 shares held. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York, and Reinholdt & Gardner, St. Louis, Mo.

★ Laclede Gas Co. (7/11)
May 11 it was reported that the company contemplates the issuance and sale of $10,000,000 of 25-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Lehman Bros., Merrill Lynch, Pierce, Fenner & Smith Inc. and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11:00 a.m. (EDST) on July 11.

★ Laurel Run Development Co.
May 6 filed in association with Willard E. Ferrell of Philadelphia, $89,600 of non-producing fractional working oil interests.

★ Lee Filter Corp.
May 9 it was reported that this company plans the filing of 10,000 shares of its common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion of business. **Office**—Edison, N. J. **Registration**—Imminent. **Underwriter**—Myron A. Lomasney & Co., New York.

Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on Oct. 18.

Mac Panel Co.
March 23 it was reported that negotiations are still pending regarding the filing of an issue of common stock. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

Missouri Pacific RR. (5/25)
April 27 it was reported that the Road plans to sell $3,975,000 of its equipment trust certificates on May 25. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in early May. The offering will consist of 75,000 common shares. **Price** — To be supplied by amendment. **Proceeds**—For expansion. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 38 Broadway, New York City.

★ Montreal (City of), Canada
May 6 filed $14,000,000 of sinking fund debentures for local improvements, due 1980, and $14,000,000 of sinking fund debentures for public works, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For various public works projects and for repayment of some interim debt. **Underwriter**—To be supplied by amendment.

Moore-McCormack Lines, Inc. (5/13)
April 18 it was reported that $10,000,000 of U. S. Government insured merchant marine bonds, 5% SS Argentina series, due Nov. 1, 1978 are expected to be delivered on or about May 13. Bonds will be callable beginning May 1, 1965, at prices ranging from 105 down to par. **Price**—Expected to be at par. **Agents**—Kuhn, Loeb & Co. and Lehman Brothers.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

● Neptune Meter Co.
April 20 it was announced that this New York City company may issue not more than 133,334 shares of common stock in connection with a proposed acquisition by Neptune of Power Equipment Co. The merger will not take place.

New Jersey Power & Light Company (7/19)
Feb. 17 it was reported that this utility is planning the sale of $5,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. jointly). **Bids**—Expected to be received on July 19 up to 11:00 a.m. (EDST).

★ New York Central RR. (5/18)
Bids will be received up to noon (EDT) on May 18 for the purchase from the Railway of $4,590,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Northern Illinois Gas Co. (7/13)
Feb. 16 the company's annual report stated that $120,000,000 of new capital will be needed to meet its five-year construction program. April 5 it was announced that the company will sell $25,000,000 of first mortgage bonds. **Proceeds**—To finance a portion of the 1960-1964 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: A Halsey Stuart & Co. Inc. group. **Bids** — To be received on June 13, up to 11:00 a.m. EDT.

★ Northern States Power Co. (Minn.) (12/6)
May 11 it was reported that the company plans the issuance and sale of $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillion, Union Securities & Co. (jointly). **Bids**—Expected to be received by Dec. 6.

Northwestern Bell Telephone Co. (6/7)
March 24 directors authorized the sale of a $45,000,000 debenture issue dated June 1, 1960, with maturity in not more than 40 years. **Proceeds**—The funds are needed to meet strong demand for service and to put into effect such service improvements as direct customer dialing of long distant calls. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be opened on or about June 7.

Norwalk Co.
March 30 it was reported that the company plans to file an undetermined amount of common stock sometime in May. **Proceeds** — For expansion of business and general corporate purposes. **Office** — Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Panhandle Eastern Pipe Line Co.
April 19 it was reported that this company might sell about $65,000,000 of debentures, possibly in the third quarter of this year. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Peabody & Co., both of New York.

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Public Service Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined.

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

★ S.A.F., Ltd.
May 6 filed $303,000 of partnership interests, to be offered for sale in units. **Price**—$500 per unit. **Proceeds**—To acquire fee title to certain land in St. Augustine, Fla., upon which will be constructed a 54-unit Howard Johnson Motor Lodge and restaurant, swimming pool and related facilities. **Office**—60 East Coral Center, Fort Lauderdale, Fla. **Underwriters**—Radice Securities Corp. and Jerry Thomas & Co., Inc., Palm Beach, Fla.

San Diego Gas & Electric Co.
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly).

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

● Sierra Pacific Power Co. (7/6)
April 18 it was reported that this public utility will issue and sell $3,000,000 of bonds, due 1990. **Underwriter**—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). **Bids**—Expected to be received on July 6.

South Carolina Electric & Gas Co.
March 25, S. C. McMeekin, President, informed this paper of plans to sell an undetermined principal amount of bonds, the timing of which will be subject to market conditions. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

● Southern California Edison Co.
March 15 it was stated in the company's annual report that besides the $30,000,000 issue of series L mortgage bonds sold to underwriters in January, 1960, an additional $55,000,000 to $60,000,000 will be needed to complete its estimated $123,000,000 construction program for 1960. This financing is dependent upon market conditions, and will probably be some type of debt security.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

Southwestern Bell Telephone Co. (8/9)
March 28 directors of this company recommended a $100,000,000 debenture issue, subject to approval by regulatory authorities. **Proceeds**—To finance an expansion and improvement program over the next five years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 9.

● Steck Co.
May 4 it was reported that the company plans the filing of 60,000 shares of common stock. **Office** — Austin, Texas. **Registration**—Imminent. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

System Meat Co.
March 18 it was reported that this company will file about $1,000,000 of common stock. **Underwriter**—Purvis & Co., Denver, Colo. **Registration**—Imminent.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the fall. **Proceeds**—To finance construction of new generating capacity. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers.

★ Thompson Ramo Wooldridge Inc.
May 9 filed 124,054 shares of common stock, including 87,160 shares issued to shareholders of Radio Industries, Inc., in exchange for all of the outstanding stock of that company, and 36,894 shares which may be issued during a five-year period beginning 1961 to such shareholders, depending upon the net earnings of that company. The registration statement also included 367,446 shares of common stock to be issued pursuant to the company's stock option plans. **Office**—23555 Euclid Ave., Cleveland, Ohio.

Trans-Canada Pipe Lines Ltd.
April 13 James W. Kerr, President, announced that the company planned to sell $13,000,000 of first mortgage bonds. **Proceeds**—To meet the company's 1960 financial requirements. The company will continue to sell all securities in Canada to the maximum extent considered practical, Mr. Kerr said.

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

Union Electric Co.
March 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $30,000,000 to $35,000,000. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Offering**—Expected in the latter part of this year.

Union Trust Co. of Maryland
April 21 directors of this bank announced plans to boost its capital stock by 100,000 shares to 500,000 shares, $10 par, by offering for subscription to present holders one new share for each four held. A special meeting of stockholders was called for May 25 to consider the plan. **Price**—To be set shortly before the offering. **Proceeds**—To increase capital and surplus. **Underwriter**—Alex Brown & Sons, Baltimore, Md. **Offering**—Expected in late May.

Utah Power & Light Co.
April 12 it was reported that this company will ask stockholders at the annual meeting on May 16, to authorize 2,000,000 shares of $25 par preferred stock, part of which will be sold competitively. **Proceeds**—For construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

★ Waldbaum, Inc.
May 11 it was reported that public financing is being contemplated by this supermarket chain. No confirmation was obtainable. **Office**—2300 Linden Blvd., Brooklyn, New York.

Washington Gas Light Co. (6/7)
March 30 it was reported that the company plans to issue and sell $12,000,000 of refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. **Information Meeting** — Scheduled for June 3 in New York at 11 a. m. **Bids**—Expected to be received up to 11:30 a. m. on June 7.

★ Yardney Electric Corp.
May 9 it was reported that sometime in July this company expects to file an as yet undetermined amount of common stock. **Office**—40 Leonard St., New York City. **Underwriter**—To be named.

Forecasting U. S. Budget Outcome Achieves Low Box Score

Taking data supplied by the U. S. Bureau of the Budget, Life Insurance Institute terms predicting what the Federal budget will be a "hazardous occupation." This is so, the Institute adds, without taking into consideration the complicating impact of inflation and the propensity to hike government spending.

An insight into some of the difficulties encountered in the Federal budget-making process, and the difference between anticipation and realization, is provided by the U. S. Bureau of the Budget in a box score of forecasts and results covering the fiscal years in the post-World War II period.

In commenting on the results of the forecast, the Institute of Life Insurance reported recently that in only two out of the 13 fiscal years since 1947 were budget surpluses actually forecast and realized, the Institute said. The three other surpluses in the period were originally expected to be deficits, the Institute stated, while in three additional cases projected surpluses wound up "in the red."

"Even at best the task of forecasting the Federal budget could qualify as a 'hazardous' occupation in view of the size government has attained over the past two decades and the scope and complexity of its operations," the Institute said. "This is the more true since initial estimates presented to Congress require looking more than a year ahead in a fast-moving world. However, two powerful forces of relatively recent origin and intimately interrelated, have greatly complicated the budget job in the postwar period and the attainment of balanced budgets."

Inflation's Complicating Impact

"One of these is the inflation that the nation has experienced over the past two decades. The record shows three distinct rounds of inflation since the end of World War II on top of the price rise during the war itself. As a result, the cost of living is today more than 60% higher than it was when hostilities ended in 1945.

"It is true, of course, that inflation may increase Federal receipts because of its 'shot-in-the-arm' effect on the economy and the progressive nature of the income tax structure. At the same time, however, it is a spending booster of the first magnitude effecting all the goods and services that government buys, and U. S. Department of Commerce figures show the cost of government to be one of the areas most sensitive to rising prices. Furthermore, inflation contributes to economic instability, and its impact is discernible in the three recessions the nation has suffered in the post-World War II period and their effect on government accounts.

"The second complicating factor is the intensity of the spending pressures on the public purse which have been characteristic of the postwar period.

"The problem of government's living within its income is of particular importance today in view of the prospect of a balanced budget for the current fiscal year and a much larger one for the fiscal year which begins on July 1. Preservation of these surpluses is of vital importance if the recent moderation of inflationary pressures is to continue; and it is here that the widest possible public support is essential if the objective of economic growth without inflation is to be attained."

The following table gives the box score of the initial forecasts and the actual results of Federal budget receipts and expenditures (in billions) for the fiscal years from 1947 through 1959:

	—Receipts—		—Expenditures—	
Fiscal Year	Original Estimate	Final Result	Original Estimate	Final Result
1947	$29.6	$39.8	$33.9	$39.0
1948	35.0	41.5	34.8	33.1
1949	41.9	37.7	37.1	39.5
1950	40.3	36.5	41.2	39.6
1951	36.7	47.6	41.9	44.1
1952	54.5	61.4	70.5	65.4
1953	70.3	64.8	84.8	74.3
1954	68.0	64.7	77.9	67.8
1955	62.6	60.4	65.6	64.6
1956	60.0	68.2	62.4	66.5
*1957	65.5	71.0	65.1	69.4
*1958	73.6	69.1	71.8	71.9
*1959	74.4	68.3	73.9	80.7

*Excludes Federal-aid highway expenditures and related revenues.
Source: U. S. Bureau of the Budget.

With Kidder, Peabody

PHILADELPHIA, Pa. — Kidder, Peabody & Co. have announced that J. David Donahower has become associated with their Philadelphia office, Fidelity Philadelphia Trust Building, as a registered representative.

Gen. Amer. Trans. Eqp't Trusts Off'd

Public offering of $30,000,000 General American Transportation Corporation's 4⅞% equipment trust certificates due May 1, 1980 is being made today (May 12) by an underwriting group headed by Kuhn, Loeb & Co. The certificates are priced at 100½%, plus accrued dividends.

The certificates are secured by more than 3,200 railroad cars, mainly tank cars and Airslide covered hopper cars, built by the company at a cost of more than $33,000,000 for its fleet of specialized railroad freight cars.

Net proceeds from the sale of the certificates will be used toward reimbursing the treasury of the corporation for the cost of the cars. General American Transportation contemplates the expenditure in 1960 of a minimum of $30,000,000 for additions to its fleet, funds for which will be provided from the corporation's treasury.

$1,500,000 principal amount of the certificates will be redeemed annually through a sinking fund which will commence in 1961. The certificates will be redeemable for the sinking fund at prices ranging from 100.48% to par, plus accrued dividends. Other than for the sinking fund the certificates will not be redeemable prior to May 1, 1970; on and after that date they may be redeemed in whole or part at prices ranging from 102% to par, plus accrued dividends.

Fixed charges of the corporation during 1959 were earned 6.52 times. Gross income for the year was $203,124,613 and net income was $16,987,910.

The principal activity of General American Transportation is the supplying of its railroad freight cars to railroads and shippers for their use. The cars are supplied principally to shippers of chemical, petroleum and food products. In addition to manufacturing freight cars for its own fleet, the corporation builds cars for sale to other companies; owns and operates the largest single aggregation of public tank storage terminal facilities in the United States; and furnishes to industry many other products and services.

Dividend Association Elects Officers

The election of Charles Bossong, of L. F. Rothschild & Co., as President of the Dividend Association for the ensuing year has been announced. The organization is comprised of dividend supervisors in the back-office operations of member firms of the New York Stock Exchange.

James Yacobian, of Clark, Dodge & Co., was elected Vice-President of the dividend group; Frank Cordano, of Josephthal & Co., was named Treasurer; Erna Martin, of Henderson, Harrison & Struthers, Secretary, and Martin Black, of Montgomery, Scott & Co., Sergeant-at-Arms.

Elected members of the Association's Executive Committee were Vincent Loretto, of Carlisle & Jacquelin, the out-going President; Joseph Greenberg, of Bache & Co.; William Hedley, of Francis I. duPont & Co.; Jack Crane, Dominick & Dominick; Lawrence Mortimer, A. M. Kidder & Co., Inc., and Arthur Boller, Carl M. Loeb, Rhoades & Co.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—William H. Sudekum is now affiliated with Harris, Upham & Co., 135 South La Salle Street. He was previously with Shillinglaw, Bolger & Co.

Form Brand Investments

BALTIMORE, Md. — Brand Investments Co., has been formed with offices in the Munsey Building to engage in a securities business. Officers are Joseph Richard Brand, president; and Sidney Monen, secretary-treasurer. Both were formerly officers of Lloyd Miller & Co.

Form Cohn, Ivers Co.

Cohn, Ivers & Co., Inc., has been formed with offices at 122 East 42nd Street, New York City, to conduct a securities business. Officers are Teddy Cohn, president, and Philip Ivers, secretary-treasurer.

Form Eastern States

BROOKLYN, N. Y. — Eastern States Investors Corp. has been formed with offices at 50 Court Street to engage in a securities business. Officers are Samuel S. Ballin, president; Maurice Talbot, vice president and secretary; and Kenneth Brahms, vice president and treasurer.

A. G. Becker Heads Premier Ind. Corp. Group

A. G. Becker & Co. Incorporated heads an underwriting group which is offering today (May 12) 200,000 shares of Premier Industrial Corp. common stock, $1 par value, at a price of $16.50 per share. The offering represents the sale of outstanding shares constituting approximately 25% of the holdings of controlling interests in the business.

Simultaneously with the public offering a block of 12,500 shares is being offered to employees.

The sales service organization, headquartered in Cleveland, deals in industrial and automotive maintenance products and serves more than 40,000 customers representing virtually all types of U. S. industry. It specializes in fasteners and services designed to help customers lower maintenance costs and reduce downtime of their equipment.

The company had net earnings of $845,000, or 97 cents per share in the eight months ended January 31, 1960.

Giving effect to the current issue, capitalization will consist of: first mortgage loans, $1,474,711; 5% preferred stock, $100 par value, 5,000 shares; common stock, $1 par value, 428,000 shares; class B common, $1 par value, 634,500 shares.

Now With Shaw, Bauer

(Special to THE FINANCIAL CHRONICLE)

BROOMFIELD, Colo. — John D. Marks has become connected with Shaw, Bauer & Co., 290 West Midway. He was formerly with Estate Securities Corp. and Allen Investment Co.

Chicago Analysts to Meet

CHICAGO, Ill. — The Investment Analysts Society of Chicago will hold a luncheon meeting April 28th at the Midland Hotel. Joseph A. Martino, President of National Lead Company, will be guest speaker.

J. R. Holt Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—August B. Berggren, Arnold B. Gibbs, Bradley F. Hinton, Howard B. Stewart, and Russell V. Snowberger have been added to the staff of J. R. Holt & Company, Denver U. S. National Center.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	May 14	§73.8	*75.0	78.1	92.9
Equivalent to—					
Steel ingots and castings (net tons)	May 14	§2,102,000	*2,137,000	2,225,000	2,631,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 29	7,014,310	6,982,610	7,150,510	7,112,625
Crude runs to stills—daily average (bbls.)	Apr. 29	¶7,945,000	7,967,000	7,916,000	7,702,000
Gasoline output (bbls.)	Apr. 29	27,507,000	28,246,000	27,968,000	27,141,000
Kerosene output (bbls.)	Apr. 29	2,248,000	2,105,000	2,414,000	1,743,000
Distillate fuel oil output (bbls.)	Apr. 29	12,012,000	12,678,000	13,091,000	12,375,000
Residual fuel oil output (bbls.)	Apr. 29	6,622,000	6,164,000	6,811,000	6,552,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 29	219,524,000	221,552,000	225,595,000	209,593,000
Kerosene (bbls.) at	Apr. 29	20,024,000	19,113,000	17,538,000	21,076,000
Distillate fuel oil (bbls.) at	Apr. 29	81,375,000	78,408,000	75,119,000	85,584,000
Residual fuel oil (bbls.) at	Apr. 29	39,320,000	38,813,000	39,112,000	54,500,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 30	643,271	625,374	598,031	676,194
Revenue freight received from connections (no. of cars)	Apr. 30	558,395	538,164	562,926	585,987
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 5	$530,400,000	$493,100,000	$356,200,000	$403,300,000
Private construction	May 5	235,100,000	273,300,000	175,700,000	177,900,000
Public construction	May 5	295,300,000	219,800,000	180,500,000	225,400,000
State and municipal	May 5	209,700,000	101,100,000	139,700,000	178,600,000
Federal	May 5	85,600,000	58,700,000	40,800,000	46,800,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 30	8,300,000	*8,600,000	7,500,000	8,364,000
Pennsylvania anthracite (tons)	Apr. 30	306,000	275,000	365,000	330,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 30	152	146	143	141
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 7	13,139,000	13,300,000	13,494,000	12,659,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 5	327	325	333	265
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 3	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	May 3	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	May 3	$33.17	$33.50	$33.17	$33.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 4	32.600c	32.600c	32.600c	31.125c
Export refinery at	May 4	31.925c	32.875c	30.550c	28.525c
Lead (New York) at	May 4	12.000c	12.000c	12.000c	11.500c
Lead (St. Louis) at	May 4	11.800c	11.800c	11.800c	11.300c
‡Zinc (delivered) at	May 4	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	May 4	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	May 4	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	May 4	99.375c	99.250c	99.625c	102.625c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 10	85.69	84.30	84.79	84.04
Average corporate	May 10	84.94	84.81	85.59	87.99
Aaa	May 10	89.51	89.23	89.64	90.77
Aa	May 10	87.45	87.32	88.13	89.92
A	May 10	84.55	84.43	85.07	88.27
Baa	May 10	78.90	79.01	80.20	83.28
Railroad Group	May 10	82.65	82.52	82.77	87.05
Public Utilities Group	May 10	85.33	85.33	86.51	87.18
Industrials Group	May 10	86.78	86.78	87.72	89.92
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 10	3.97	4.13	4.07	4.06
Average corporate	May 10	4.79	4.80	4.74	4.56
Aaa	May 10	4.45	4.47	4.44	4.36
Aa	May 10	4.60	4.61	4.55	4.42
A	Mya 10	4.82	4.83	4.78	4.54
Baa	May 10	5.28	5.27	5.17	4.92
Railroad Group	May 10	4.97	4.98	4.96	4.63
Public Utilities Group	May 10	4.76	4.76	4.67	4.62
Industrials Group	May 10	4.65	4.65	4.58	4.42
MOODY'S COMMODITY INDEX	May 10	378.9	377.6	381.4	390.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 30	321.258	291.909	354,126	374,448
Production (tons)	Apr. 30	307,102	291,076	304,514	320,662
Percentage of activity	Apr. 30	92	86	91	94
Unfilled orders (tons) at end of period	Apr. 30	428,599	413,884	467,129	507,369
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE=100	May 6	110.38	110.26	110.85	110.64
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 15	1,602,360	2,369,270	1,957,480	2,568,930
Short sales	Apr. 15	260,510	421,380	356,530	380,890
Other sales	Apr. 15	1,240,530	1,830,720	1,631,610	2,202,400
Total sales	Apr. 15	1,501,040	2,252,100	1,988,140	2,583,290
Other transactions initiated off the floor—					
Total purchases	Apr. 15	245,230	385,710	345,930	370,890
Short sales	Apr. 15	14,300	63,000	50,600	17,300
Other sales	Apr. 15	230,970	315,200	322,400	429,720
Total sales	Apr. 15	245,270	378,200	373,000	447,020
Other transactions initiated on the floor—					
Total purchases	Apr. 15	510,300	864,555	712,645	770,373
Short sales	Apr. 15	66,860	128,100	94,860	105,750
Other sales	Apr. 15	521,422	769,115	626,657	935,708
Total sales	Apr. 15	588,282	897,215	721,517	1,041,455
Total round-lot transactions for account of members—					
Total purchases	Apr. 15	2,357,890	3,619,535	3,016,055	3,710,193
Short sales	Apr. 15	341,670	612,480	501,990	503,940
Other sales	Apr. 15	1,992,922	2,915,035	2,580,667	3,567,828
Total sales	Apr. 15	2,334,592	3,527,515	3,082,657	4,071,768
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Apr. 15	1,260,341	1,686,362	1,535,401	2,084,417
Dollar value	Apr. 15	$64,930,707	$85,698,984	$70,801,132	$123,185,441
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Apr. 15	1,140,057	1,495,955	1,236,448	1,851,193
Customers' short sales	Apr. 15	7,833	10,082	15,931	4,413
Customers' other sales	Apr. 15	1,132,224	1,485,873	1,220,517	1,846,780
Dollar value	Apr. 15	$56,393,379	$76,255,342	$55,539,649	$104,514,177
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 15	316,860	395,960	317,650	522,970
Short sales	Apr. 15	------	------	------	------
Other sales	Apr. 15	316,860	395,960	317,650	522,970
Round-lot purchases by dealers— Number of shares	Apr. 15	441,490	613,770	646,860	668,420
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Apr. 15	426,880	759,470	674,720	575,360
Other sales	Apr. 15	10,366,290	14,193,770	12,535,460	17,858,190
Total sales	Apr. 15	10,793,170	14,953,240	13,210,180	18,433,550
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 3	119.8	119.8	120.2	119.6
Farm products	May 3	90.9	90.1	91.5	91.4
Processed foods	May 3	106.8	106.7	107.2	107.6
Meats	May 3	95.9	95.7	96.2	102.0
All commodities other than farm and foods	May 3	128.4	128.6	128.8	127.9

*Revised figure. ¶Includes 990,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN PETROLEUM INSTITUTE—Month of February:			
Total domestic production (barrels of 42 gallons each)	237,562,000	253,398,000	226,526,000
Domestic crude oil output (barrels)	209,986,000	224,140,000	201,435,000
Natural gasoline output (barrels)	27,559,000	29,242,000	25,041,000
Benzol output (barrels)	17,000	16,000	50,000
Crude oil imports (barrels)	29,730,000	28,610,000	29,467,000
Refined product imports (barrels)	29,377,000	30,713,000	36,478,000
Indicated consumption domestic and export (barrels)	307,260,000	330,826,000	295,229,000
Decrease all stocks (barrels)	10,591,000	18,105,000	2,758,000
AMERICAN ZINC INSTITUTE, INC.—Month of April:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	83,221	86,028	76,393
Shipments (tons of 2,000 pounds)	71,926	86,524	78,613
Stocks at end of period (tons)	147,861	136,566	203,863
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of March	888,320	730,914	863,799
In consuming establishments as of April 2	1,981,972	1,948,317	1,631,274
In public storage as of April 2	9,754,763	11,167,561	10,362,035
Linters—Consumed month of March	124,457	107,573	121,242
Stocks April 2	573,037	632,689	846,170
Cotton spindles active as of April 2	17,602,000	17,665,000	17,637,000
COTTON GINNING (DEPT. OF COMMERCE):			
Final report for 1959	14,508,145	------	11,435,323
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of February:			
Cotton Seed—			
Received at mills (tons)	81,900	*111,300	63,700
Crushed (tons)	572,200	613,000	467,100
Stocks (tons) March 31	953,400	*1,443,700	722,800
Cake and Meal—			
Stocks (tons) March 31	140,800	149,500	139,800
Produced (tons)	266,500	283,900	210,100
Stocks (tons)	275,200	266,000	174,100
Hulls—			
Stocks (tons) March 31	42,000	55,900	110,600
Produced (bales)	131,500	143,900	110,300
Shipped (tons)	145,400	157,100	111,900
Linters—			
Stocks (bales) March 31	182,700	196,800	286,900
Produced (bales)	174,800	184,700	138,300
Shipped (bales)	188,900	216,600	160,800
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on April 2	19,969,000	20,072,000	20,409,000
Spinning spindles active on April 2	17,602,000	17,665,000	17,637,000
Active spindle hours (000's omitted) April 2	11,126,000	9,131,000	10,743,000
Active spindle hrs. for spindles in place Mar.	445.0	456.6	429.7
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM — 1947-49 Average=100— Month of April:			
Adjusted for seasonal variation	151	*140	141
Without seasonal adjustment	149	*116	130
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of February (000's omitted)	55,416,776	56,202,290	51,140,067
Revenue from ultimate customers—Month of February:	$932,712,000	$942,478,000	$872,263,000
Number of ultimate customers at March 30	57,640,881	57,572,061	56,367,429
METAL PRICES (E. & M. J. QUOTATIONS)— April:			
Copper—			
Domestic refinery (per pound)	32.600c	32.613c	31.300c
Exports refinery (per pound)	31.684c	30.745c	29.397c
††London, prompt (per long ton)	£262.125	£253.266	£240.017
††Three months, London (per long ton)	£244.750	£237.739	£240.324
Lead—			
Common, New York (per pound)	12.000c	12.000c	11.189c
Common, East St. Louis (per pound)	11.800c	11.800c	10.983c
††London, prompt (per long ton)	£77.523	£76.266	£69.048
††Three months, London (per long ton)	£76.572	£75.367	£70.418
Zinc (per pound)—East St. Louis	13.000c	13.000c	11.000c
§§Zinc, prime Western, delivered (per pound)	13.500c	13.500c	11.500c
††Zinc, London, prompt (per long ton)	£92.431	£90.160	£72.688
††Zinc, London, three months (per long ton)	£89.796	£88.899	£72.460
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	91.375c
Silver, London (per ounce)	79.053d	79.261d	79.193d
Sterling Exchange (check)	$2.80950	$2.80586	$2.81653
Tin, New York Straits	99.274c	100.125c	102.517c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$213.333	$214.000	$240.545
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound) bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound) boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$82.000	$82.000	$77.000
Cadmium (per pound, delivered ton lots)	$1.40000	$1.40000	$1.20000
Cadmium (per pound, small lots)	$1.50000	$1.50000	Not Given
Cobalt, 97% grade (per pound)	$1.50000	$1.75000	$1.75000
Aluminum, 99% grade ingot weighted average (per pound)	28.100c	28.100c	26.800c
Aluminum, 99% grade primary pig	26.000c	26.000c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of April:			
Total number of vehicles	696,723	785,130	694,789
Number of passenger cars	583,626	655,133	579,316
Number of motor trucks	112,717	129,777	115,208
Number of motor coaches	380	220	265
PORTLAND CEMENT (BUREAU OF MINES)— Month of March:			
Production (barrels)	18,422,000	16,080,000	24,337,000
Shipments from mills (barrels)	17,681,000	14,576,000	23,027,000
Stocks at end of month (barrels)	39,163,000	38,666,000	36,381,000
Capacity used (per cent)	53	49	72
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of March:			
Total operating revenues	$847,576,624	$774,222,055	$857,750,749
Total operating expenses	658,625,859	620,653,027	655,547,301
Taxes	98,078,746	83,795,454	95,295,800
Net railway operating before charges	61,150,611	42,245,677	78,975,304
Net income after charges (estimated)	44,000,000	28,000,000	58,000,000
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of March (000's omitted):			
Exports	$1,787,000	$1,576,100	$1,455,800
Imports	1,355,000	1,287,800	1,294,900

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

TRANSAMERICA CORPORATION

Few concerns have undergone the number of transitions as has Transamerica during the past two years. Transamerica as of today can be considered a holding company with its insurance interests predominant. Yet further diversification may be in the offing based on the management's recent reiteration that it is receptive to acquisitions in other fields of endeavor.

During 1958 Transamerica ceased to be a bank holding company with the spin off of majority-owned banks via Firstamerica. Also Transamerica sold the shares of former subsidiary banks owned by its insurance companies to Firstamerica for a $6.7 million profit. Today the major bank holding in the Transamerica portfolio is the approximate one-third stock ownership of Citizens National Trust & Savings Bank of Los Angeles, a rapidly growing and highly profitable bank which now ranks among the fifty largest commercial banks in the nation.

By the end of February, 1959, all of the shares of Transamerica's seafood cannery business, Columbia River Packers Assoc., Inc. were disposed of at a profit. The profitable disposition of Allied Building Credits, Inc., a note and mortgage business, was executed in early 1959. The present manufacturing subsidiary, General Metals Corporation (products mainly are in the metal working category) has consistently been profitable even though profits are of a cyclical nature. The remaining real estate subsidiary, Capital Company, is a marginal operating business although capital gains are realized. During 1959 a majority interest was purchased in Phoenix Title & Trust Co., the largest title insurance concern in Arizona, for $4.2 million. In 1959 Phoenix earnings increased considerably to some $654,000.

The previous loosely knit half-dozen fire and casualty subsidiaries have undergone considerable consolidation. The Automotive Insurance Company was sold to the Pacific National Fire Insurance Company. Manufacturers Casualty Insurance Company and the Manufacturers Fire Insurance Company were merged into Pacific National. Later The Paramount Fire Insurance Company was merged with Pacific National. Thus all of these member Transamerica companies remain by consolidation with the one directly owned multiple line writer, the Pacific National Fire Insurance Company, which owns in turn Automotive Insurance Co. and Premier Insurance Company. Both Automotive and Premier are writers of automobile physical damage insurance primarily.

TRANSAMERICA CORPORATION

Price range 1960-1958	Recent Price	Dividend	Yield	1959 Earning*	Net Asset Value*	Shares Outstanding
34 - 24	27	$0.80	3.0%	$1.91	$17.64	12,147,058

*Based on 11,372,000 shares outstanding at the end of 1959.

Major Subsidiary—OCCIDENTAL LIFE INSURANCE COMPANY

(million $)

Year	Life Insurance Written Total	Ordinary	Group	Life Insurance in Force Total	Ordinary	Group	Total Assets	Total Net Premiums
1959	$1,932	71.5%	28.5%	$9,049	60.2%	39.8%	$751	$216
1958	1,517	75.2	24.8	7,999	59.1	40.9	690	204
1957	1,375	68.5	31.5	7,222	58.0	42.0	625	191
1956	1,302	67.2	32.8	6,707	56.0	44.0	570	178
1955	1,325	57.3	52.7	6,095	54.7	45.3	517	160

With the internal fire and casualty consolidations achieved, Transamerica recently has acquire over 93% of the multiple line American Surety Company of New York through an exchange of two shares of Transamerica for three shares of American Surety. Long established, American Surety has assets in excess of $90 million and operates in all states as well as in Canada and in U. S. territories. With casualty lines dominant this acquisition provides Transamerica with a well-rounded territorial and insurance line underwriting. The American Life Insurance Company of New York, subsidiary of American Surety, writes most types of life insurance and is licensed in over 45 states.

Transamerica management recently announced the dissolution of Transamerica Life Insurance Co., formed in 1959, due to the facilities of the acquired American Life. It is hoped the resulting closer operations in the fire-casualty lines will lead to more profitable underwriting results. Separately the above companies have experienced unprofitable underwriting operations for several years.

Investment interest centers primarily on the largest and strongest Transamerica asset, 100% owned Occidental Life Insurance Company of California. Occidental not only ranks among the top dozen leading life insurance enterprises, it ranks fifth among the stock owned companies and is reputed for its dynamic growth aided by concentration in the faster growing areas of population, noteably California. A high level of activity characterizes all of its departments. The table presented records the progress being made. The satisfying results can be attributed to application of methods proved by many years of experience and several effective departures from old patterns, such as quantity discounts, reduced rates for longer living women, flexible policies for older people and complete coverage innovations.

Policies are written in all states, except New York, and throughout Canada. Occidental also writes a substantial amount of accident and health insurance which accounted for 40% of total premium volume in 1959. Although non-participating insurance accounts for most insurance written (an advantage to the stockholder) it should be pointed out that about 7% of the business is participating (with the policyholder). Occidental can transfer 10% of the participating earnings to its stockholders account. Approximately 70 branch offices are located throughout the nation's leading cities. General agents exceed 200 and brokerage business is considerable. Occidental operations accounted for over 80% of Transamerica's combined earnings in 1959.

Due to the numerous changes which have occurred it is not possible to present a soundly conceived record of Transamerica's past earnings. Nonetheless the recent activities indicate a building up of considerable earning power to supplement the main contribution by Occidental Life. A thorough study is underway to determine the feasibility of merging American Surety with Transamerica's Pacific National Fire Insurance Company, its other fire-casualty subsidiary. The minimum expectation is greater profitability in operations through complementary coordination.

Transamerica holds a rather sizable investment portfolio which is available for any financial needs as management continues to explore other investment opportunities. At current prices Transamerica stock provides investors the opportunity to obtain a yield twice as large as from most life insurance equities and at the same time to participate in a leading "all lines" insurance operation. The stock is listed on the New York Stock Exchange, a unique factor for a life insurance equity.

Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

WHITTIER, Calif. — Lee Evans has been added to the staff of Lester, Ryons & Co., 14609 Whittier Boulevard. Mr. Evans was previously with Shearson, Hammill & Co.

H. R. Gardner Opens

(Special to THE FINANCIAL CHRONICLE)

AKRON, Ohio—Harry R. Gardner is conducting a securities business from offices at 159 South Main Street. He was formerly with Ross, Borton & Co., Hornblower & Weeks, and Bache & Co.

Clinton Gilbert Firm Marks 70 Yrs.

Employees of the investment firm of Clinton Gilbert & Co., 26 Broadway, New York City, which is marking its 70th year in the business, honored the company's senior partner, Clinton Gilbert, with a surprise birthday dinner May 5.

Mr. Gilbert is the son of the founder of the firm and became its head on his Father's death in 1924.

Clinton Gilbert & Co. specializes in 18 listed securities besides having an investment department which deals with the public.

Universal Mutual Funds

TRENTON, N. J. — Universal Mutual Funds, Inc. has been formed with offices at 304 State Street to engage in a securities business. James W. Halligan is a principal of the firm.

Named Director

Frank L. Parks, Vice President of G. Everett Parks & Co., Inc., has been elected a director of B. M. Harrison Electrosonics, Inc., of Newton Highlands, Mass.

DIVIDEND NOTICES

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WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The sugar industry of the world was shocked earlier in the year with the announcement from Havana that the Cuban Government had entered into an agreement with the Soviet Union for the sale of 5,000,000 tons of sugar over a five-year period.

The industry is still buzzing because of the great magnitude of the compact between Premier Fidel Castro and Soviet Russia's Deputy Premier Anastas Mikoyan. The bargain made between the two countries affected the sugar bowls of every American housewife, and those of many other countries.

In addition, the deal affected many industrial sugar users like the American Bakers Association, the Associated Retail Bakers of America and the Biscuit & Cracker Manufacturers Association to name a few.

The repercussions in Washington have been sharp. There are some Senators and Representatives, particularly from the cane and beet sugar producing States, who believe the United States should drastically cut Cuba's sugar quota. Meantime, sugar traders around the world are still speculating on what Russia intends to do with the purchases being made for delivery this year and the next four years.

Pending Bills

The American Sugar Cane League and the United States Beet Sugar Association representing the Western States have held many conferences and interviewed many people in connection with proposed legislation at this session of Congress. As a result of the study numerous bills, nearly all of them identical, are pending before the House and Senate Agricultural Committees. They bear the signatures of Representatives and Senators of the sugar States, of course.

One measure calls for a substantial increase in the mainland sugar quota. The provisions in the compromise proposal represent agreements among representatives of all five refining and processing segments of the domestic sugar industry.

The Senate proposal bears the signatures of Chairman Allen J. Ellender of the Senate Agriculture Committee; Senator Spessard L. Holland of Florida; Senator Frank Church of Idaho, and Senator Oren E. Long of Hawaii, all Democrats, and Senator Milton R. Young, Republican of North Dakota.

The proposal, which would provide for a four-year extension of the Sugar Act, would also add 150,000 tons to the basic quota of the beet sugar industry in the 22 Western States, and 50,000 tons to the basic quota of the Louisiana and Florida cane sugar industry.

This provision would, in effect, write in to the basic quota the production potentials these areas have already achieved. Robert H. Shields, President and General Counsel of the United States Beet Sugar Association, said the amounts are close to the totals by which the mainland cane and beet quotas have been increased in recent years through the reallocation of part of the Puerto Rican quota.

Puerto Rico has had a series of crop failures in the past few years. By terms of the Sugar Act, whenever an area is unable to fill its quota, a so-called "deficit" is declared, and the amount of the expected shortage is reallocated to other areas. Because of the Puerto Rican deficit, a large share has been added to the beet and cane quotas of the mainland producers.

It appears that Rep. Harold D. Cooley of North Carolina, Chairman of the House Agriculture Committee, plans to sponsor legislation to extend the Sugar Act, which expires this year under present law.

Russia to Drop Export Quota

It is expected in trade circles that Russia will buy about 775,000 tons of Cuban sugar this year. It is expected that the Russians will use some of the sugar for home consumption, but may send some of it to countries friendly to the Soviet Union. Some of it may be sold to Red China, or the Russians may plan to stockpile sugar.

The Castro-Mikoyan deal is most interesting not only to the Government in Washington, but to sugar growers and sugar brokers and processors. Ironically, Russia is a member of the International Sugar Agreement and has a basic yearly export quota of 200,000 metric tons. Obviously, the Soviets will give up all of their basic quota this year because of the deal with Premier Castro, who continues to stir up intense hate for the United States.

The Eisenhower Administration apparently will use its influence in the type of legislation that will pass this year. There are indications coming from the State Department that a "cautious" attitude will be suggested.

"When we want your advice on industrials, Muskrat, we'll ask for it!"

Wants Cuba's Quota Cut

The Senator from the nation's largest cane producing area, Russell B. Long of Louisiana, thinks that caution should be tossed to the winds, thus sharply cutting Cuba's sugar quota to the United States. Cuba, of course, traditionally has been the largest exporter of sugar to this country.

"I think cutting Cuba's quota drastically would give us some bargaining power," said Senator Long, "when we try to protect American investments totaling $800,000,000.

Mr. Castro is seizing and confiscating those investments right and left in his own good time without us doing anything more than talk about it . . . He's got so many powerful Communists in his government that I personally would be at least in favor of giving the President the ability to reduce the amount of advantages that Castro gets out of the United States."

Premier Castro is definitely in the background of provisions borne in the pending Senate and House measures. Of course, they may or may not be approved. For instance, a provision would help protect sugar supplies for American consumers and our national interest generally.

The President would be authorized to reduce the quota of any foreign nation when Congress is not in session, if a crisis should arise affecting the national interest and the sugar consumers of this country. If such an emergency should arise when Congress is in session, the Chief Executive would make his recommendation direct to the law-makers for action.

In either event, the Secretary of Agriculture would be empowered under the pending legislation to bring in sugar into the United States to replace the amount involved in such a cut from Cuba, or any other country, if replacement should be necessary.

More Castro Propaganda?

It could be that Fidel Castro, since he has gotten so friendly with the Communists would welcome a cut of Cuban sugar by the United States. This would give him more propaganda ammunition to hurl at our country.

Nevertheless, a good many members of Congress from New York to California, are getting letters from their constituents, asking that Congress try and help curb Castro by making a deep cut in the sugar quota. That feeling is bound to be reflected on whatever sugar bill Congress takes up at this session.

On the other hand, there are those who sincerely believe that Congress should make no cut, extend the act for one year, and see what happens in the meantime.

Certainly sound sugar legislation is needed badly at this session of Congress. However, it should not be considered in an atmosphere of anger.

[*This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.*]

COMING EVENTS

IN INVESTMENT FIELD

May 11-14, 1960 (White Sulphur Springs, W. Va.)
Meeting of the Board of Governors of the Investment Bankers Association.

May 13, 1960 (New York City)
Toppers annual outing at Westchester Country Club, Rye, N. Y.

May 14-18, 1960 (New York City)
National Federation of Financial Analysts 13th annual convention at the Waldorf-Astoria.

May 14, 1960 (New York City)
Wall Street Bowling League Dinner Dance at the Park Sheraton Hotel.

May 17-18, 1960 (Omaha, Neb.)
Nebraska Investment Bankers Association annual Field Day.

May 19-20, 1960 (Chicago, Ill.)
Exempters annual Field Day May 20 at Nordic Hills Country Club, preceded by party May 19 at Sherman Hotel Downtown Club.

May 19-20, 1960 (Nashville, Tenn.)
Security Dealers of Nashville Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

May 20, 1960 (Baltimore, Md.)
Baltimore Security Traders Association annual spring outing at Maryland Country Club.

May 20, 1960 (Pittsburgh, Pa.)
Western Pennsylvania Group of Investment Bankers Association Meeting at Rolling Rock Club, Ligonier, Pa.

May 21, 1960 (New York City)
Security Traders Association of New York Glee Club dinner dance.

May 26-28, 1960 (Virginia Beach, Va.)
Bond Club of Virginia annual party at Cavalier Hotel.

May 28, 1960 (Dallas, Texas)
Dallas Security Dealers Association annual spring party at the Northwood Club.

June 2-5, 1960 (Ponte Vedra, Fla.)
Southern Group of Investment Bankers Association meeting.

June 3, 1960 (Chicago, Ill.)
Bond Club of Chicago 47th annual field day at Knollwood Club.

June 3, 1960 (Connecticut)
Security Traders Association of Connecticut summer outing at Shuttle Meadow Country Club, New Britain, Conn.

June 3, 1960 (New York City)
Bond Club of New York annual Field Day at the Sleepy Hollow Country Club, Scarborough, N. Y.

June 3, 1960 (Detroit, Mich.)
Bond Club of Detroit spring golf tournament at Essex Golf & Country Club, Essex, Ont., Canada.

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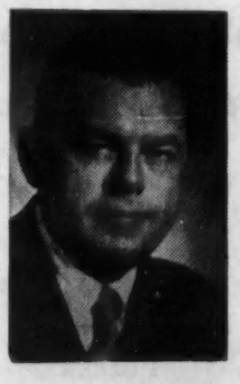

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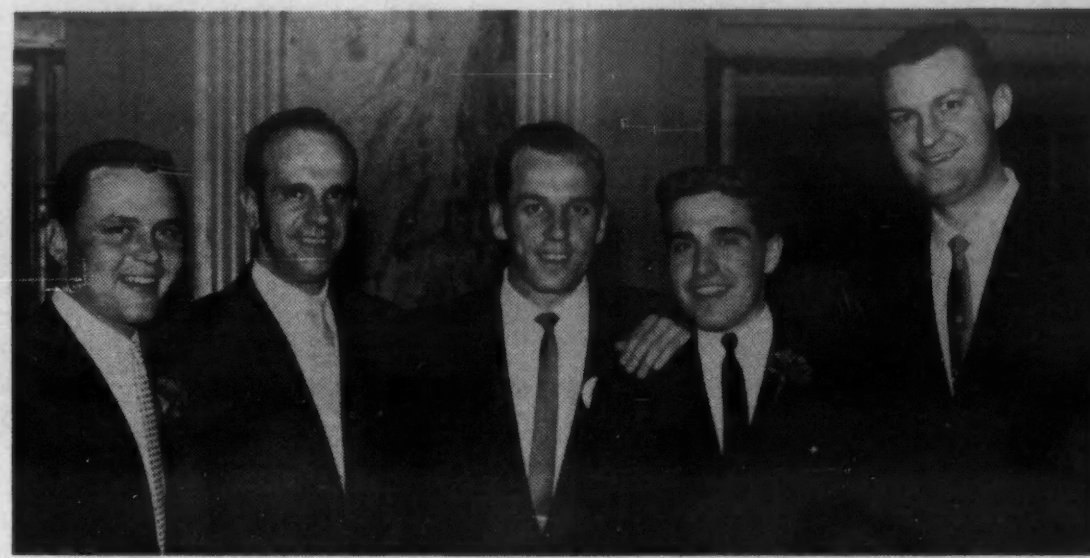

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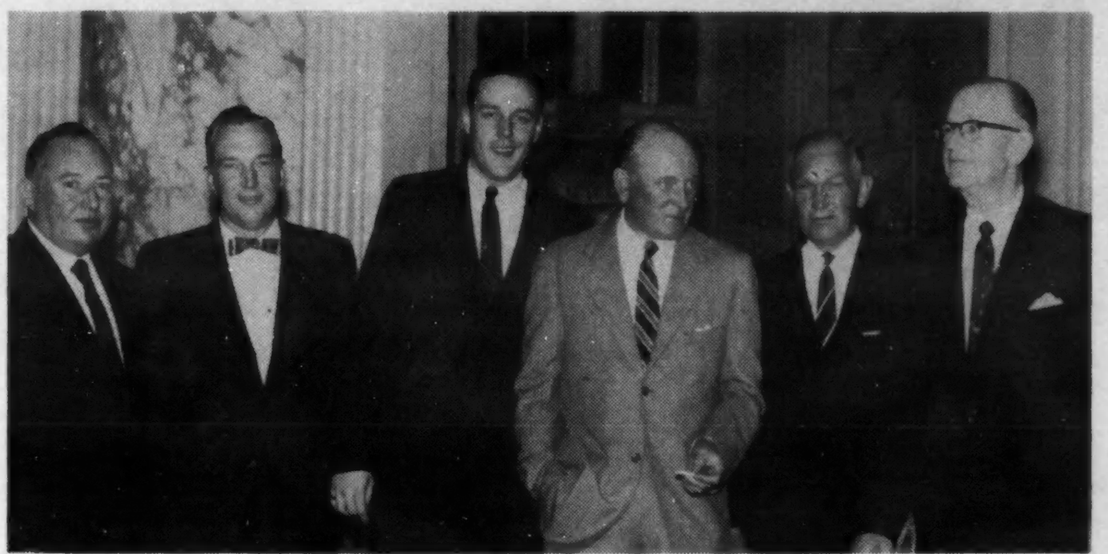

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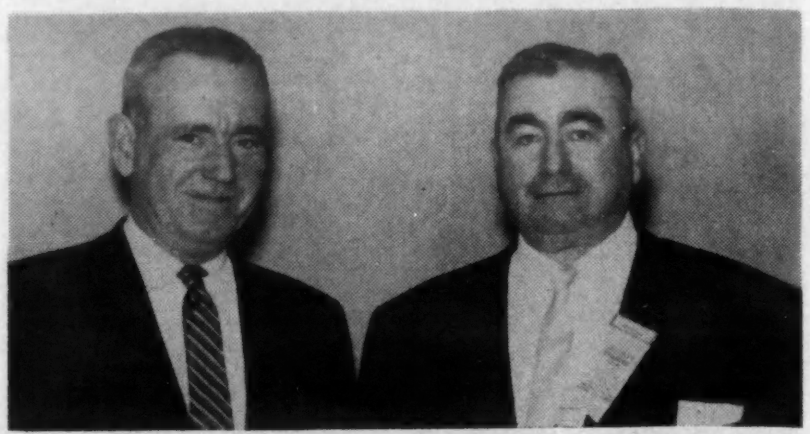

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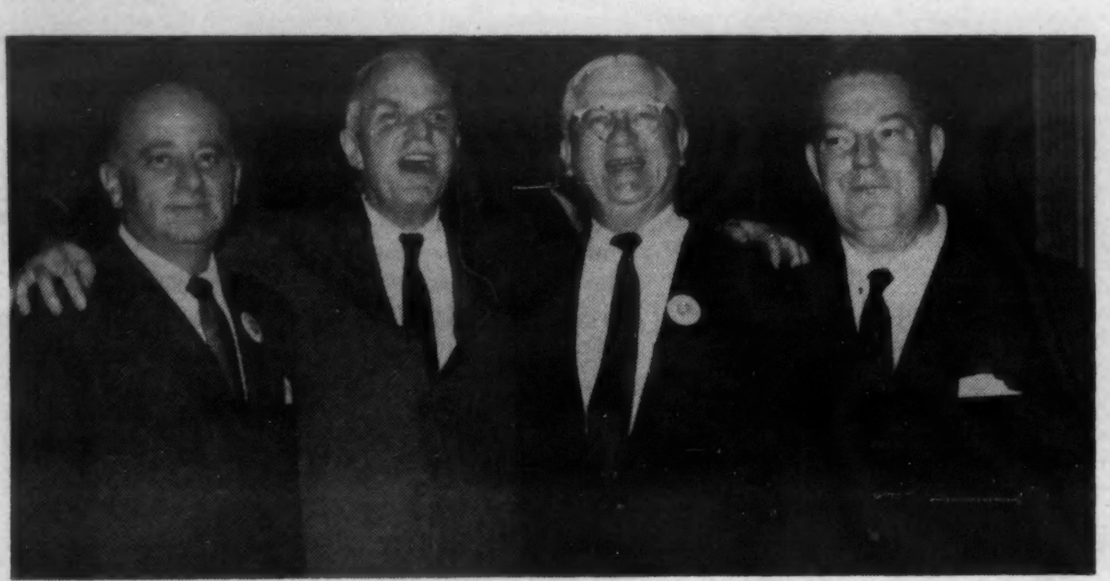

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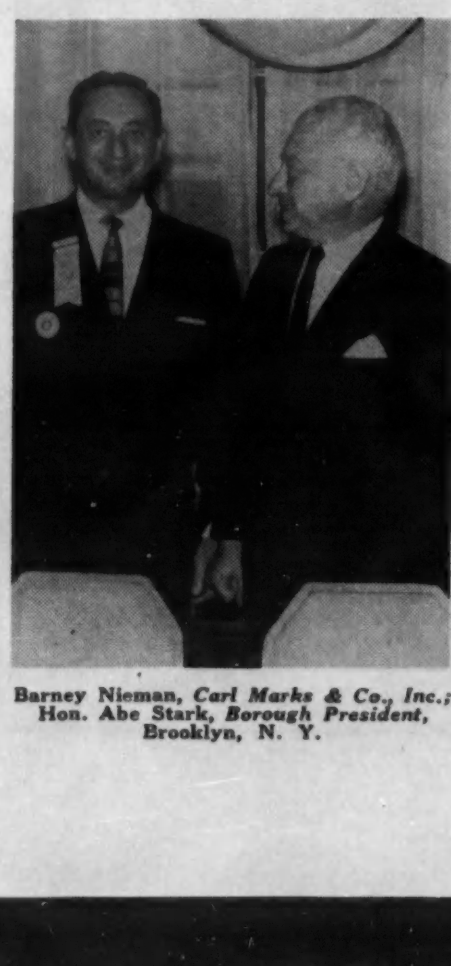

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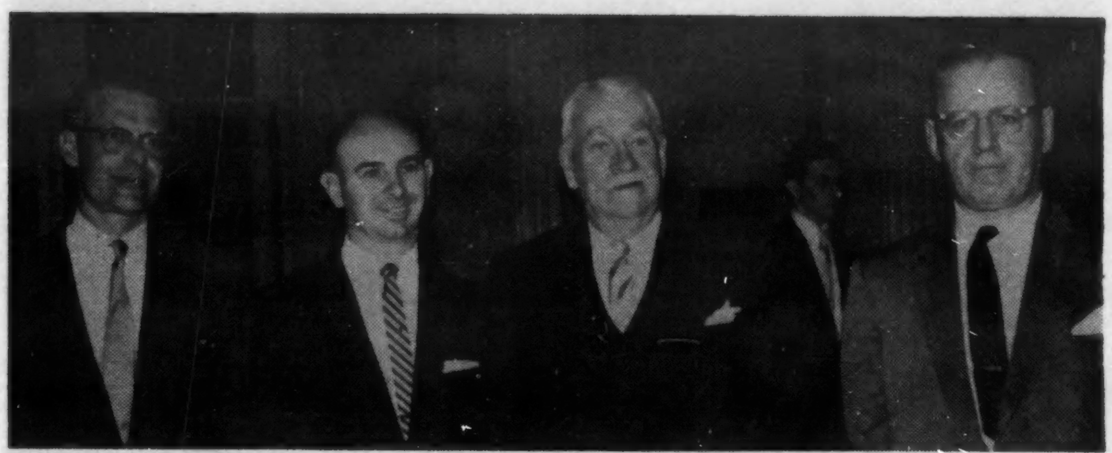

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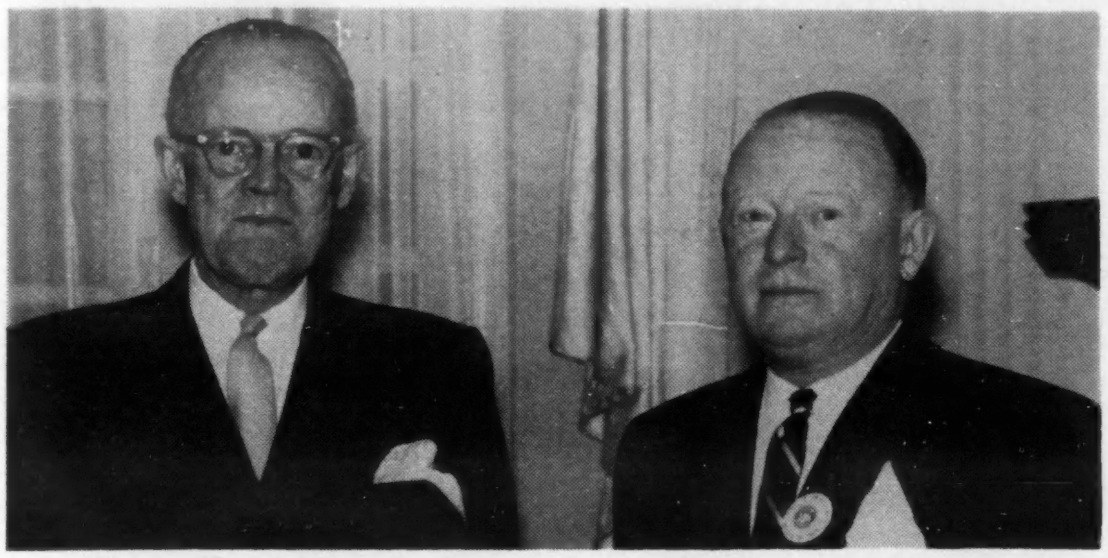

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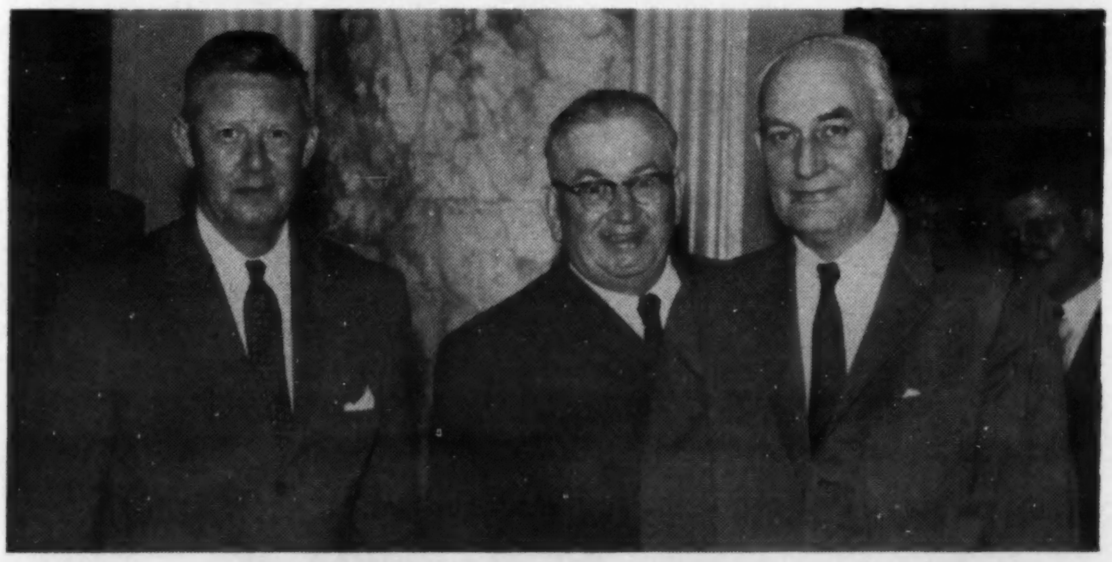

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